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International Competitiveness and Experience Industries

International Competitiveness and Experience Industries

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Foreword

This study has been financed by VINNOVA and Visanu, the National Program for Development and Innovation Systems and Clusters, coordinated by ISA, Nutek and VINNOVA. Contact persons have been Pernilla Rydmark, VINNOVA, and Maria Lindqvist, Visanu.

During the last decade, it has become increasingly clear that the experience industries – using a broad definition of the concept – are important to economic growth due to high annual growth rates, a large number of employees and an extensive turnover. The experience industry may contribute to international competitiveness from at least two perspectives; first, by contributing directly or indirectly to increase exports, secondly, by attracting inward investments and thereby stimulating development of local capabilities.

The purpose of this study is to examine potential ways in which international competitiveness in the Swedish experience industry could be developed. In the study, the concept of experience industry is discussed, a model for analysing international competitiveness in the experience industries is developed and international policy actions for supporting experience industries are presented. Finally, ten questions to better understand the competitive climate and conditions of a local experience initiative are suggested. The report is illustrated with examples from Sweden and abroad.

The study has been carried out by Niklas Gustafsson, Stockholm University, and Dominic Power, CIND, Uppsala University. The authors are responsible for the content of this report.

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Abstract

The purpose of this report is to present an outline of how the experience industries can contribute to international competitiveness; and to suggest ways in which the potential international competitiveness of the experience industries can be supported.

In this report, we follow current use of the definition of the experience industries which covers a wide range of businesses sectors. Common to all of these activities are that they offer growth potential and can be seen to support regional cluster and industrial competitiveness in a number of ways. At the same time, these industries offer a series of challenges to industrial and export policy since they do not always fit with accepted understandings of the needs and support mechanisms developed for traditional industries.

We propose that it is worthwhile seeing 'international competitiveness' as consisting of two key elements: how experience industries lead to exports; and how experience industries contribute to inward investment and local capacities. On the basis of these two perspectives a strategic framework for thinking about the experience industries as valuable contributors to Sweden's international competitiveness is presented.

The report presents evidence of policy action towards the experience industries from a number of different countries. It is concluded that international policy action in relation to the experience industries seems to follow some general aims that are presented in the report. However, the majorities of international policy initiatives are in their infancy and have largely been directed towards building up basic institutions and coordinating disparate groups of actors.

This study clearly shows that – whether under the banner of experience industries, creative industries or cultural industries (etc.) – Sweden is facing an international environment where many countries have already well developed visions and plans for the development of their industries' international competitiveness.

The report concludes that concerted policy action is needed to boost the enabling infrastructure that will allow Swedish experience industries to continue to contribute to the country's international competitiveness.

Sammanfattning

Syftet med denna rapport är att presentera en översikt av hur upplevelseindustrin kan bidra till internationell konkurrenskraft samt, att på basis av internationell erfarenhet, presentera hur arbetet med denna kan stödjas av offentlig förvaltning samt policyinriktade beslutsfattare.

Definitionen av upplevelseindustrin täcker ett vitt spann av företagsamhet från olika sektorer och branscher, av olika storlek och inflytande samt av både kommersiell och icke kommersiell art. Gemensamt för dem alla är att de kan stödja internationell konkurrenskraft på ett antal olika sätt. Samtidigt erbjuder flera av dessa verksamheter en utmaning för beslutsfattare i offentlig förvaltning, beroende på att de agerar och organiserar sig annorlunda än traditionell industri.

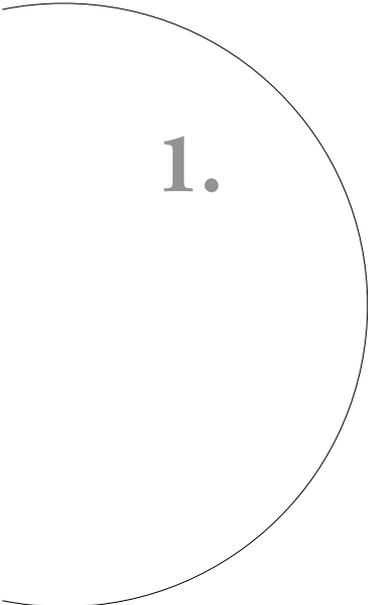
I denna studie föreslår vi att man ser internationell konkurrenskraft kopplad till upplevelseindustri från två olika huvudperspektiv: (1) export och (2) inkommande investeringar. Med de två huvudperspektiven som bas presenteras ett ramverk bestående av sex olika strategier för att arbeta med internationell konkurrenskraft inom upplevelseindustrin.

Internationella policybeslut i relation till upplevelse-, kreativa eller kulturella industrier verkar följa ett visst mönster vilket presenteras i rapporten. För tillfället är en majoritet av de internationella satsningarna fortfarande i ett tidigt stadium av utveckling. Det praktiska arbetet kring policytänkande fokuserar på att bygga basala institutioner och supportstrukturer för att stödja industrin samt att koordinera samarbeten både mellan aktörer inom industrin i fråga och med traditionell industri. Exempel ges från Storbritannien, Hong Kong och Singapore. Denna studie visar tydligt att Sverige, som ännu inte har någon officiell policy, möter en verklighet där många länder runt om i världen redan har utvecklat visioner, mål och planer för hur de ska stödja utvecklingen av deras respektive upplevelseindustriers internationella konkurrenskraft.

Upplevelsebaserade erbjudanden och produkter konkurrerar på internationella marknader. Därför kan det anses viktigt att lära från internationell erfarenhet och exempel samt att utveckla policys och andra strategiska åtgärder för att stödja utvecklingen av upplevelseindustrins internationella konkurrenskraft. En slutsats i denna studie är att bara genom att ha en officiell policy som stödjer dessa branscher ökar innovationskraft, kreativitet och tillväxt inom desamma. Men, för att kunna fatta lämpliga policybeslut som verkligen stödjer verksamheter inom upplevelseindustrin, är det viktigt att beslutsfattare och andra påverkande intressenter sätter sig in i och förstår de grundläggande förutsättningar och den logik som råder hos upplevelseindustrins aktörer och dess marknader.

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1.

Introduction

In recent years there has been much talk about the rise of creative, cultural or experience industries. Many claims have been made for these industries, but only a limited amount of policy action has taken place in Sweden. There has been a lack of a clear statement of how these industries contribute to Sweden's international competitiveness and how the public sector can support the development of international competitiveness in these industries.

The aim of this report is to present an outline of how the experience industries can contribute to international competitiveness; and to outline, on the basis of international best practice, ways in which this potential can be supported. Ten questions on how to better understand the competitive climate and conditions of a local experience initiative are listed and tested on a number of participants in Brew House, a small incubator within the music and film cluster in Gothenburg.

1.1 Background – the ‘experience industry’?

The term experience industries became established in Sweden around 1999–2000, largely due to a series of reports and other initiatives taken by the government financed ‘Knowledge Foundation’ (KK-Stiftelsen – Stiftelsen för Kunskaps- och Kompetensutveckling; www.kks.se).

Influenced by the emerging discussions and policymaking in relation to what had become known as ‘creative industries’ in the UK in the middle and late 1990s, KK-Stiftelsen prepared a series of reports in the late 1990s on the existence and importance of what they called ‘experience industries’ to the Swedish economy.

The decision to use the concept ‘experience industries’ as a substitute for the Anglo-Saxon concept ‘creative industries’ was made after joint discussions with representatives from the sectors of arts, culture, design, music, film and tourism, etc. (Gustafsson 2004). The term ‘experience’ was intended to shift focus away from the sort of producer perspective that usually dominates industrial policy to a consumer perspective that emphasises the importance in the knowledge economy of understanding consumer needs and preferences (KK-stiftelsen 2000).

The role of public authorities in the founding of the debate begs the question as to whether the idea of the experience industry is just a political construction. The answer to this question is both yes and no. The attempt to gather a number of disparate creative, experiential businesses under the banner of an ‘industry’ is a political construction, but the underlying economic realities motivating such initiatives are not.

A series of other terms – cultural industries, creative industries, copyright industries or media and entertainment industries – used internationally have attempted to get at much the same idea: to call attention to the importance that creative and experiential business has for the economy in general, both as contributors to existing traditional industry and as a growing economic force by themselves.

1.2 What's new?

The idea behind the interest in experience is the observation that many products and services rely for their profitability and value-added not only on their physical or functional aspects but rather on the experience they deliver. Within the field of tourism (Sahlberg 2004), innovation (Normann 2001), future research (Jensen 1999), marketing (Schmitt 1999, 2003; LaSalle & Britton 2003; Mossberg 2003; Wikström 2004), and organisation (Pine & Gilmore 1999; Prahalad & Ramaswamy 2004) it has been argued that consumers are increasingly likely to choose goods and services that offer the best experience; and pay higher prices for these.

Instinctively we can see the added value that experience lends products all around us. Consider why, for instance, we are willing to pay so much more for a cup of coffee in an attractively designed café than a cup we make ourselves? Alternatively why do luxury cars cost so much more than middle range cars? Is it because the coffee always tastes better or that the luxury car is a more efficient means of transportation? Or is it perhaps because we think they will symbolise something about us, makes us feel better, or look better? Equally, we are happy to spend money on a vast array of goods and services that have no (or little) functional or material value, e.g. films, books, art, music, rollercoaster rides and sports.

Of course, the idea that we spend money on experiences and the finer things in life is nothing new. However, what is relatively new is the realisation of the amount of firms, workers and money involved in the provision of these goods. There are even those that argue that we have to consider “experience” as a separate economic offering (Pine & Gilmore 1999), just as important to the economy as goods and services. This is an interesting thought that requires a mental paradigm shift in much the same way as we have shifted focus from primarily thinking about goods and streamlined processes (when discussing the economy and economic

solutions), to realising that services, service offerings, service development and service perspectives play an important role in the economic reality for most businesses – and therefore also for policy makers.

In policy circles, the rise of these ideas and the observation that the industries involved are growing (and offer an alternative to increasingly hard to attract manufacturing sectors) has steadily motivated policymakers to become interested in the role of experience, creativity and culture.

1.3 Concepts and conceptual confusion

Before we move on it is important to note that the term ‘experience industry’ has caused some confusion among both practitioners and officials in Sweden. The term has been (and still is) somewhat difficult to comprehend (Gustafsson 2004). The experience term can be confusing because when we think in output terms – goods produced, services sold – it suddenly seems that ‘experience’ encompasses everything from traditional goods and services that give us a kick, such as a well designed sports car, to purely experience based events, such as concerts or white water rafting. In short, it becomes difficult to comprehend what is or is not an experience based product when we think about the role of experiences in economic life. If all products are to some extent experience based it is thus very hard to think of an industry or firm that is not a part of the ‘experience industry’. We are left then thinking less about particular industries and more about the idea that the world is undergoing a transition or shift to an experience based *economy*. Whilst this may well be true, it is hard to reconcile with the fact that the economy is typically seen as a collection of sectors and industries that each have their own particular, and often very separate, logics and needs. There has been confusion over whether the focus on experience means a focus on the role of experience in the *economy*, or a focus on the idea that some *industries* are supposedly more experience based than others.

A crucial first step in policy thinking about international competitiveness based on experience is therefore to understand whether we are talking about the ‘experience economy’ or particular industries. It is clear to us that the majority of policy action has attempted not to think about the experience economy but instead to build up an idea of a set of industries that are particularly focused on creating experiences. Most commonly this has meant a focus on industries such as film, music, arts, design etc. that are almost entirely reliant upon the consumers’ experience of their products. In the rest of this document we will then focus on the idea of ‘*experience industries*’ and not the interesting (but hard to tackle in policymaking) idea that the economy in general needs to create experiences that consumers want to buy into.

A second major area of confusion has been the fact that a range of other competing definitions have been trying to encapsulate similar ideas. As we shall see further below, different governments around the world have been attracted to the idea that intangibles such as experience, fashion, culture and creativity seem to be reshaping how firms and the economy works; and to the idea that certain – once marginal – cultural and entertainment activities are increasingly big business. It is undoubtedly true to say that the Swedish ‘experience industries’ think-

ing has been heavily influenced and inspired by international ideas of ‘creative’ and ‘cultural’ industries. Whilst intuitively very similar there are clear differences between these two concepts:

1. ‘Experience’ as a term focuses attention on the consumers’ perspective and attempts to understand the sensations, emotions, motivations, memories, and individual feelings that make us buy what we do. The experience industry approach therefore implies a focus on the consumer perspective.
2. ‘Creative’ (also referred to as ‘cultural’) which is the term chosen by several other countries has a built-in producer perspective: it tends to focus on the firms that produce goods and services rather than on the emotional, etc. aspects of those products.

Thus one is focused on the reasons buyers purchase certain things; the other on the firms that produce those things. In official discussions, conferences and meetings concerning experience industries the producer and the consumer perspectives are frequently mixed up – the result has been confusion. To what extent the ‘experience’ and thereby the consumer perspective has in fact been used in Sweden can be debated. To date initiatives and action programs in Sweden have focused much more on stimulating education, project management and creative talent within the various industries, than exploring the consumer perspective and its potential. However, as long as the area of interest is clearly defined it may not really matter that policies are derived from one perspective or the other; from an industrial policy perspective the two could be seen as two sides of the same coin.

Internationally, policy debate has been much more rooted in industrial and sectoral policy thinking: focused on the creators and producers and not the consumers. The creative industry concept emerged as a combination of 1990s ‘new economy’ thinking and an adaptation of arts and culture industry concepts first used by New York and London city governments in the 1970s and 1980s. In the UK, and in most other countries using the concept, the ‘creative industry initiative’ has a pronounced focus on those parts of the creative industries that are interested in commercial profitability and growth (DMCS 1998, 2001; Hartely 2005). Thereby non-profit cultural/creative organisations are not included: ‘creative industries’ thinking reflects an attempt to widen the debate on the value of culture in policy from traditional focus on cultural policy as funding for fine arts and heritage institutions. In Swedish policy circles no such distinction has been made. This fact, together with a domestic cultural sector that has a history of being heavily sponsored by the state, has also caused some confusion. Parts of the cultural establishment are very sceptical to being called an ‘industry’ and are furthermore sceptical to mixing commercial interests with art.

1.4 What are the cultural, creative or experience industries?

There has been confusion then about whether we are interested in the economy in general or industries in particular; whether we are interested in consumers or producers; and whether we are interested in creativity, culture, or experience as the common trait that link these activities together.

The real problem in creating any coherent policy for experience/creative/cultural/copyright industries is that whilst there might be many industries deeply involved in creating experiences, etc. that does not mean they are in any other way similar. The experience/creative industry as a whole (however defined) has proven to be quite a challenge to handle for both governmental and educational institutions, internationally as well as in Sweden. The sheer diversity of activities, firm sizes and technological needs that characterise these industries means that it is hard for existing policy channels and organisations to identify one industry and act accordingly with appropriate help. Some sectors of the experience industries – such as the media and music – are dominated by global corporations and are heavy users of advanced information and communications technologies. Other parts of the experience industries – e.g. jewellery and handicrafts – are dominated by micro businesses and low tech, but high skilled, production techniques. Indeed, the different forms (of commercial and non-commercial) activities within experience industries are so varied in scale, form, organisation, and sector of economic activity that they are barely recognisable as a coherent object of analysis within established frameworks.

Despite the difficulty in finding organisational or industrial similarities and links attempts have been made to make lists of sectors that comprise the experience industry. Debate has raged about exactly which industrial activities or sectors should be included or excluded. In Sweden, KK-stiftelsen's definition of the 'experience industry' as being limited to 13 activity areas/sectors was widely debated (Gustafsson 2004). Why for example was gaming (computer, video and console), not defined as a separate area when 'meals and restaurants' were? Why was gambling not included? Or sports? The answer according to KK-stiftelsen is that they never intended their definition to be fixed and unchangeable. Indeed, it is clear from international experience that a variety of definitional choices have been made and that these do not always match or cover everything one might think the creative or experience economy might encompass (see Table 1 p.12).

As we have already mentioned Sweden is not alone in thinking about such issues and in recent years considerable international policy attention has been directed towards thinking about and defining these sectors. Just as in Sweden, the common trait of all such attempts has caused considerable debate and the ultimate realisation that no definition is perfect. This means that around the world various lists have been drawn up of industries that seem, at least to policymakers, to share some sort of common concern with creative inputs or the provision of experiences.

Table 1: Different definitions

International Governmental Sectoral Definitions					Swedish Studies	
UK	Australia	Japan	Hong Kong	Singapore	Power 2002	KKS 2003
Creative industries	Creative industries	Creative industries	Creative industries	Creative industries	Cultural industries	Experience industries
<i>Roughly approximate</i>						
Software	Software design and development	Computer software	Software and IT services	IT and software services		
Interactive leisure software	Interactive media		Game software		Games, New Media	Experiential learning
Advertising	Advertising	Advertising	Advertising	Advertising	Advertising	Marketing and Communication
Television and radio	Broadcasting	Television and radio	Television	Broadcasting media	Broadcast Media	Media
Publishing	Publishing	Publishing	Publishing	Publishing	Print Media	
Design	Industrial and visual design	Design	Design	Industrial design	Design	Design
Designer fashion			Designer fashion	Interior, graphics, fashion design	Fashion – Clothing	
Arts and antique markets			Art and antiques	Arts, antiques trade, crafts		Art
Crafts					Glass, Ceramics, Crafts; Jewellery	
Architecture	Architecture and related professional services	Architecture and engineering services	Architecture	Architectural services	Architecture	Architecture
Film	Film	Film & video	Film	Cinema services	Film	Film/Photo
				Photography	Photography	
Performing arts		Music, performing arts	Performing arts	Performing arts		Theatre/Stage art
Music	Music		Music		Music	Music
<i>Unique to this definition</i>						
	Games	Lacquer ware	Comics		The 'Finer' Arts	Literature
		Production, sales & rental of audio & video recordings			Libraries, Museums, Heritage	Tourism
		Artists, academic & cultural organizations			Furniture	Meals/Restaurants

What is clear from the above table – irrespective of whether it was called the experience, creative, cultural, or copyright industry – is that there is a certain level of consensus and certain sectors appear in all definitions.

In addition it seems from such comparisons that there is general agreement that a set of sectors can be bundled together and can be treated as somewhat different from the rest of the economy. There is also agreement amongst policymakers and academics that these industries are, as a group, growing very fast and have an important strategic role to play in the future. For instance, PricewaterhouseCoopers (*Global Entertainment and Media Outlook: 2005–2009*) suggest that the global entertainment and media industry will in the next few years grow at an annual rate of 7.3 % and will be worth \$1.8 trillion by 2009. It seems that there is considerable growth potential in experience industries:

“the entertainment and media industry continues to display an extraordinary ability to reinvent itself and create new revenue streams through innovative offerings that barely existed as recently as 2000”. (Wayne Jackson, Global Leader of PricewaterhouseCoopers’ Entertainment & Media Practice)

The entry into the policy arena and the minds of business leaders of terms such as the experience *industries* or the experience *economy* signals the realisation that very serious and professional firms and industrial actors are involved in the production and provision of these products; and these industries are no longer the marginal or peripheral activities we once thought them to be. Indeed recent studies have variously claimed – depending on their definitions and methodologies – that:

- In Sweden the experience industries showed steady growth of 6.4 % per year on average 1995–2001. 4.8 % of Sweden's total GNP was generated from the experience industry in 2001 and the industry employed a total of around 284 000 people or 6.5 % of the total workforce (*Upplevelseindustrin 2003 Statistik och Jämförelser*, report from KK-stiftelsen).
- In Sweden in 1999 the 'cultural industries' employed around 350 000 people in around 91 000 firms (Power 2002, 2003)

1.5 Three important common features

Whatever their exact definition, the industries that make up the 'cultural', 'creative' or 'experience' economy can be seen to display three important common features (Power and Scott 2004).

First, they are all concerned in one way or another with the creation of products whose value rests primarily on their symbolic content and the ways in which it stimulates the experiential reactions of consumers.

Second, they are generally subject to the effects of (Ernst) Engels' Law, which suggests that as disposable income expands, consumption of non-essential or luxury products will rise at a disproportionately higher rate. The richer we get, the more we spend on experiences. It is important to remember that this observation does not just have implications for experience industries since it suggests that most economic choices we make in the advanced world are increasingly governed by our love affair with experience and luxury. The incursion of experience-value into ever-widening spheres of productive activity has meant that even firms outside the experience industries have begun to seek to intensify the design content, styling, consumer interface and quality of their outputs in the endless search for competitive advantage. Thus, all firms need to start thinking about the experiences they provide; because whether they are a car manufacturer or food producer modern consumers are often more interested in the design, packaging, symbolism and experience than the function. Much of the growth of experience industries is therefore driven by traditional industries.

Third, firms in experience industries are subject to competitive and organizational pressures which frequently results in agglomerations in dense, specialized *clusters*, while their products circulate with increasing ease on global markets. Most experience industries seem to work best when clustered together: e.g. the Hollywood film industry; Paris fashion; Soho advertising and media industry. Even within digital media industries, or industries where products are entirely free to roam global markets, geographic clustering of firms, workers, social networks and innovation systems seems crucial to competitiveness. In Sweden, this observation has fitted well with the development of cluster policies and in various places

experience industries clusters have begun to be built up: e.g music in Hultsfred and Skellefteå; film in Trollhättan.

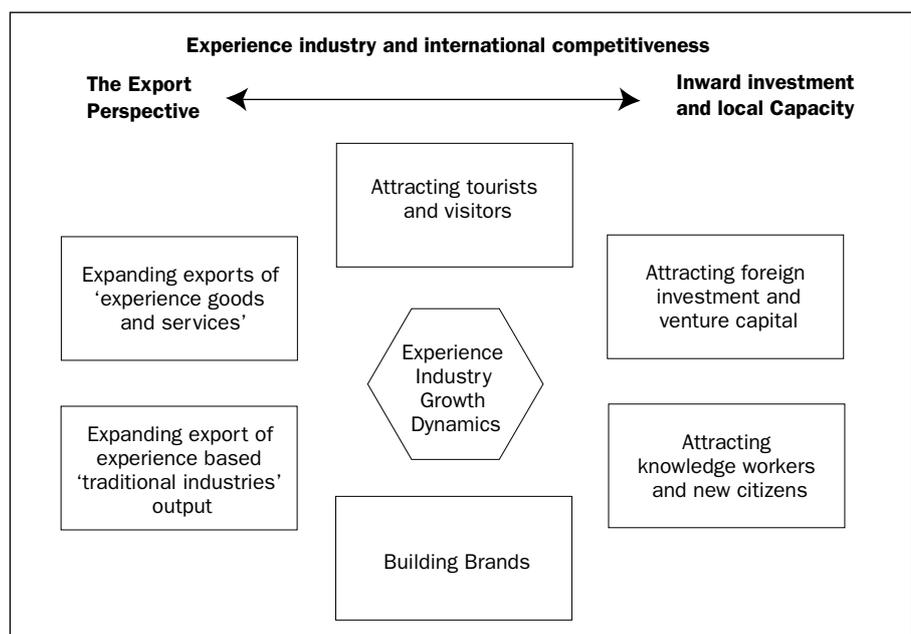
In summary, the experience industries are growing rapidly; they tend (though not always) to be environmentally-friendly; and they frequently (but not always) employ high-skill, creative workers. Experience industries also generate positive externalities in so far as they contribute to the quality of life in the places where they congregate and enhance the image and prestige of the local area. Moreover, they supply a range of services and inputs that are vital to the competitiveness of the economy in general. Finally, as noted earlier, they tend to be highly localized and often place-bound industries. Thus for regions struggling to adjust to the loss of manufacturing jobs, experience industries can provide both new economic opportunities and jobs, and rich environments that may attract new workers and tourists as well as help selling existing products.

2.

A Model of International Competitiveness in the Experience Industry

It can be seen from above that the term 'experience industries' covers a wide range of industries and activities. In this report we are concerned specifically with how they can support international competitiveness. For a relatively peripheral, small and open economy such as Sweden the issue of international and export competitiveness is vital.

Figure 1: The experience industry growth model



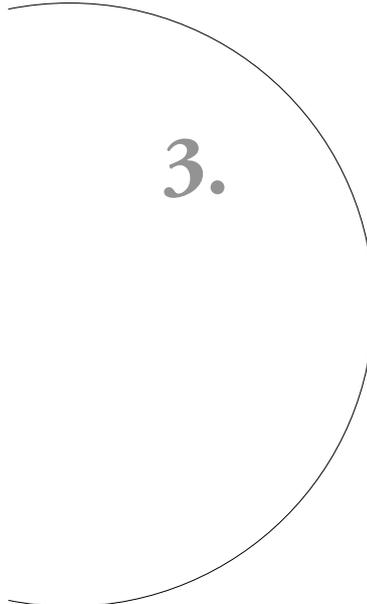
International competitiveness is a complex idea and it is important to understand that being competitive in relation to the rest of the world consists of a number of elements; and is not simply about successfully exporting goods across borders.

We propose that it is worthwhile seeing ‘international competitiveness’ as consisting of two main elements:

1. **The export perspective** – experience industries help the international competitiveness of Swedish business offerings, goods and services through increased exports. In terms of exports, it is useful to think about two main types of things that are successfully exported by Swedish companies:
 - Pure experience goods and services: e.g. music, media, film, etc.
 - Traditional ones with high experience content: e.g. well designed and marketed electrical goods, cars, IT services, etc.
2. **The inward investment/local capacity perspective.** The creative/experience industries can play a role in such things as:
 - Attracting inward investment and venture capital
 - Attracting mobile knowledge workers
 - Attracting tourists and visitors
 - Creating strong internationally recognised regional brands, profiles and quality marks.

In figure one (above) we present a model of how the experience industry can contribute to growth dynamics. The model implies a scale from contributing directly via exports on one end, to contributing to local capacity building on the other. In between these clear cut export and inward investment strategies, the left and right side in the model, are two strategies (attracting tourists and visitors along with building regional brand and image) that could be thought of as related and connected both to inward investment and export. For example, a strong regional brand may simultaneously support both local firms export potential and attract investors.

Thinking about international competitiveness in this way draws attention to the idea that public authorities must work together. These industries’ impacts are not exclusively a question of export earnings and jobs nor exclusively about enriching local capacities. If it is true that these industries can contribute to strengthening regions international competitiveness in a variety of ways then it is also true that they will be helped by policymakers who understand how inter-linked their agendas and aims are.



3.

The Export Perspective

3.1 Exporting experience and cultural products

The experience/cultural/creative industries have produced some of Sweden's most high-profile export successes. The records and CDs produced by Swedish musicians such as ABBA, Roxette, Europe, the Cardigans and the Hives have sold millions of units worldwide. Films produced in Sweden by, for example, Ingmar Bergman and Lasse Hallström have also been shown and sold across the globe. The products of Swedish computer games firms, photographers, composers, and advertising bureaus are other examples of successful exports in spite of strong global competition. Indeed, it may be said that the offerings of the experience industries seem especially adaptable to being sold across the world.

The most unambiguous finding of successive studies is that firms in these industries are more innovative and export to a higher degree if they are located within industrial *clusters* (Power and Scott 2004; Power 2003, 2002). As with other knowledge intensive industries, such as biotech or ICT, the experience industries benefit from agglomeration economies – e.g. shared infrastructural and lower transaction costs. In addition, they seem to benefit from cluster dynamics – e.g. proximity to collaborators and competitors allows for knowledge spill-overs, more dynamic labour markets, collaboration and cooperation on product development and offerings (Malmberg and Power 2005; Porter 1990; Sölvell et al. 2003). The facts that most experience industries are dominated by SMEs, and that project-based collaboration and working together is common, means that proximity to potential collaborators and partners is even more important for experience industries than for many other industries. The making of a motion picture or a single issue of a magazine can for example involve the inputs of over 100 different

freelancers, collaborators and firms. Proximity and clustering lowers transaction costs and makes facilitates cooperation.

Clusters, in particular, have been shown to play a key role to increase the international and export competitiveness of firms. In addition to being milieus that support the development of better products, clusters involve social and business networks that link cluster firms together and, crucially, link them with other clusters and markets. Strong clusters tend to be networked together at an international level and these links function as 'pipelines' for innovations and products as well as easing first contact and reducing barriers to entry (Power and Malmberg 2005). Thus, well functioning clusters play two important roles: they provide a nurturing milieu for firms and they provide channels/pipelines that help firms export.

The term 'experience industries' covers a wide range of different commercial activities; with an equally wide range of export possibilities and barriers. Products such as film, music and computer games are sold and distributed around the world through markets that are dominated by large global corporations. Whilst other cultural products are sold through niche market channels or through networks of small local enterprises.

Despite many differences, there exist some common characteristics that can be used to develop an understanding of what policies might be needed.

- Experience industries export potential is supported by strong clusters. Cluster organizations can help organize and be portals for access to pooled business support, R&D funding advice, legal services, marketing, and expert advice. Different types of meeting places – e.g. networks, conferences, seminars, design centres – are needed to support this process.
- New talent and diversity are central to the experience industries. Policies are needed to encourage the involvement of more employees from non-traditional backgrounds and to support more inward migration of foreign design experts, professionals and firms.
- More attention needs to be paid to needs of small firms in the experience industry. Taxes and regulations are examples areas of interest.
- As a consequence of the high number of small firms, more attention also needs to be paid to understanding the organisational structure of this area of the economy. If the organisational and social structures are not understood there is a risk that policy decisions taken are based on a more traditional 'industrial logic' that can differ from, or that might not exist, in the experience industries.
- Most parts of the experience industry face problems securing venture capital: the industry needs more information on venture capital and potential investors need to be made more aware of the potential profits from experience and how to evaluate business opportunities in these industries.
- Many of the experience industries sell niche market products that only become commercially viable when they find the right volume of consumers internationally. For industries such as interior design, fashion, designer furniture, film and television international trade fairs are not merely publicity opportunities but important sales and networking opportunities. Support for trade fair involvement should be recognised as a real investment opportunity (and not just a promotional exercise) by export authorities and trade bodies. Funding

attendance and activities that link firms with potential clients and marketing/press channels should be prioritized. Swedish experience industry trade fairs – such as Stockholm Furniture Fair – should be supported in efforts they make to internationalize: internationally recognised trade fairs greatly enhance the national brand and help firms to access wider markets.

3.2 Experience based 'traditional industries'

The role of experience in determining Swedish export competitiveness cannot only be judged by how much money experience products such as music and film earn. Increasingly, even the most traditional of Swedish export industries, such as automobiles or telecommunications, find that they are no longer simply competing primarily on the basis of price and quality.

In many cases, the high costs of Swedish production and the reality of widespread outsourcing to low cost countries means that competition on the basis of price is not an option. Equally, the ever more rapid spread of technological innovations around the world and the introduction of stringent international quality standards and regulations mean that competing on the basis of technological advantage or high quality is no longer a guarantee of success. Neither is adding service offerings – such as great local after sales service – to existing high technology-high quality goods a strategy unique to our firms. Global markets together with changes in socio-economic conditions present new challenges for businesses.

This set of market conditions has started many internationally competitive companies, and many of Sweden's finest, to think that it is now more than ever important to focus on how to make consumers want to experience (and re-experience) their products. To borrow the words of Rickard Normann:

“... businesses and other institutions today have to be very skilled in conceptualizing. Today's products and services are more about knowledge and linkages than about steel and mass” (Normann, 2001)

Examples such as Apple's global success with its iPod digital music player clearly demonstrates that companies with a good image, well-designed and attractive products, and that understand the consumer perspective and the will to experience, can succeed: even in markets that are saturated with cheaper and in some cases much more technically advanced products.

Another indication of the above comes from a recent report on the Nordic design industry (Power 2005). In this report, evidence from the Norwegian National Innovation Survey shows that focusing on design helps boost international competitiveness. The survey shows that firms that are significant users of design are the most international. While the importance of national markets is equal for firms that prioritise spending on R&D and those that prioritize design, firms that spend money on design are more likely to operate in international markets than firms which do not. The Norwegian firms which are high users of design also tend to be bigger.

Market orientation	Non-users	R&D users	Design users
Local	61	43	26
Local cross border (Sweden/Finland/Russia)	1	1	3
National	31	42	47
International	7	15	24
	100	100	100
Firm size (no. of employees)			
10–49	85 %	73 %	71 %
50–99	9 %	12 %	9 %
100–249	4 %	8 %	11 %
250–499	1 %	4 %	4 %
500+	1 %	3 %	6 %

Source: Statistics Norway Technological indicators; Power 2005.

Whilst experience, design, consumer interfaces, etc. are now crucial to the international competitiveness of virtually all Swedish exporters it is in no way certain that these firms will have these competences in-house. As suppliers of Business-to-Business (B2B) services the experience industries can greatly help firms with managing and creating these difficult and often intangible competitive advantages.

Firms that deal with industrial design, retail architecture, advertising, fashion design, sports, music, consumer interfaces, event management, etc. all provide services and products that can be/and are of considerable value to traditional industries. These industries are experts with valuable experience in creating lasting consumer interfaces, globally recognisable brands, attracting attention and grabbing consumers' imaginations. Significant synergies can occur from interaction between traditional and experience industries. An example of this is high profile musicians who earn extra revenue from soft drinks manufacturers, who in turn get access to some of the worlds most powerful and emotive brands.

However, it is worth mentioning that these services do not just deal with the fussy areas and intangibles; they can also have very tangible and measurable effects. Design services, for instance, have been shown to lead to greater efficiencies and lower costs in other areas such as production and distribution. Also, the more attractive the products and services, the lower the opportunity and inventory costs (see for example Kotler and Rath 1984; Sisodia 1992; Walsh and Bruce 1988.)

Finally, exporters of traditional goods may also piggyback on Swedish cultural successes abroad. There is little doubt that the international reputation for quality and style that Swedish design and architecture has built up over the years helps open doors and send the right signals. In global markets brands as well as quality and status marks are important. Excellence in highly visible creative fields can have a significant 'halo effect'.

There are often significant cultural differences and gaps between firms in the experience and traditional industries. The following policies may facilitate the integration of experience into traditional firms interested in using it to boost exports:

- Increase awareness about the role of experience in traditional industry by creating meeting places and strategic projects within the firm or with networks and milieus the firm moves within: e.g. in cluster initiatives, industry conferences.

- Cluster and industry organizations could support meeting places and act as contact brokers to help bridge different worlds.
- Experience industry firms interested in selling their services/products to traditional industry should take note of the importance of presenting the business case for their services/product in a language that is easily understood and trusted by their potential client. Courses on how to pitch projects and negotiate in the language of target industries could help firms in certain sectors of the experience industries.
- Different types of meeting places must be created in order to facilitate the meeting, and in order to increase the mutual understanding of each others activities and 'ideologies', between 'businessmen' and 'cultural entrepreneurs'.

4.

The Inward Investment/ Local Capacity Perspective

The inward investment/local capacity perspective focuses on how “experience” can play a role in domestic development. As we stated earlier, it is not enough to think of international competitiveness in terms of exports. International competitiveness in experience industries also involves attracting inward investment and venture capital; and attracting mobile knowledge workers, new citizens and potential taxpayers to a region.

4.1 Attracting inward investment and venture capital

Experience industries can be seen to boost international competitiveness in a number of other ways related to inflows of capital. Firstly, they may in themselves be a source of inward investment and venture capital, and secondly they may be important in building the types of innovative environments that mobile knowledge workers, firms and venture capitalists are attracted to. Traditional inward investment strategies like tax breaks and infrastructural support are central to attracting inward investment.

It should not be forgotten that these industries themselves can be large inward investors and that within these industries there are many global corporations capable of investing large capital sums in new ventures and new locations. They in turn attract other companies and so on. This development can in Sweden be seen clearly in the media and entertainment sectors where a number of inward investments have been made over the last years by international media and entertainment investors in production companies, television, radio-stations, online gaming,

gambling, and also in traditional print media and even in single shows (such the international success story “Mamma Mia” originally started in London).

European cities such as London have seen substantial inward investment from foreign companies in, for instance, new media, traditional media and publishing. As we noted earlier cultural industries have a strong tendency to cluster together and places that have established cultural industry credentials may have a better chance of attracting inward investment. Where a variety of firms in a sector already exist venture capital and venture capitalists tend also to setup or congregate.

Finally, cities and regions that can also offer investors and their workers high quality of life may have internationally competitive advantages (Kotler et al. 1999).

An example of inward investment in Åre

The ski resort of Åre in the north of Sweden has in recent years become an increasingly popular resort and is now well established as a quality ski destination. On the back of this growing reputation Åre has begun to attract not only regional development funding but also international investment and venture capital. A leading example here is the entry of the Finnish spa hotels group Holiday Club (since June 2005 owned by London & Regional Properties, one of the UK's largest private property and hotel investment companies) into a joint venture initiative with the local business association 'Åreföretagarna', various public bodies – Åre local authority, Nutek (The Swedish Business Development Agency), and the EU – to upgrade Åre's tourist facilities and offer. Together they are investing in a large scale, year-round multi-purpose activity establishment.

The 22,500 square metres large establishment presents the visitors with a large selection of activities. Central to the scheme is a new 3 000 person congress hall/centre that enables Åre to host major congresses as demonstrated during the EAPC-NATO congress in May of 2005. The centre also offers an adventure pool area, various saunas, spa, climbing walls, bowling, and a golf simulator. The associated hotel will add another 600 new beds and 100 000 new guest nights per year in Åre. Directly adjacent to the hotel timeshare apartments have been built and more are on the way. The establishment itself provides 160–170 new jobs (<http://www.are.se/tourism/default.asp>) in this small rural area. This is a good example of how inward investment in experience based tourism can stimulate and support the local economy and help extend the product range on offer: in this case help Åre move from ski resort to year-round destination.

4.2 Attracting knowledge workers, new citizens

In recent years many regional development authorities have embarked on policies of upgrading cultural facilities and life. As a result, a growing body of research suggests that cultural amenities, quality of life issues, and strong cultural industries are connected to attracting knowledge workers and therein higher rates of innovation and economic growth (Power and Scott 2004; Florida 2002).

Places have always competed for certain people. One example, of this is when Northern Europe actively tried to attract labour from southern Europe during the 1950s and 1960s to staff the growing factories of the north. They were enticed by good salaries and aided by relocation services, helping them establish new lives in the North. Today the free movement of goods, services and people in international markets and the opening of new markets, such as those in Eastern Europe and Asia, have led to intense competition for talented persons. For many western countries intellectual capital represents the most important factor in new business development. With fierce international competition in the development

of sophisticated products, goods and services, the quality of the labour force is essential. To attract people to a certain industry or place is therefore a strategic investment.

In a series of books and articles, the American professor of economic development, Richard Florida has suggested that there has been a rise in what he calls the 'Creative Class' (Florida 2002). These are high educated, motivated and creative (young) people that are primarily interested in living in areas that are characterised by tolerance, diversity, high quality outdoor activities, and a rich cultural life. He suggests that, whilst these people may be more likely to work in high-tech industry than in cultural industries, they are drawn to places where culture happens. This is important he says because he claims that such people are at the forefront of new technologies, new innovations, new ways of working, and tend to be more entrepreneurial.

"Creative-minded people enjoy a mix of influences. They want to hear different kinds of music and try different kinds of food. They want to meet and socialize with people unlike themselves, trade views and spar over issues." Richard Florida
<http://www.washingtonmonthly.com/features/2001/0205.florida.html>

The experience industries are central to providing the sort of enriching environments such knowledge workers find attractive and are willing to stay in or move to. The fact that even in Sweden highly educated and highly paid workers are much more likely to be geographically mobile than individuals with lower qualifications and lesser incomes (Power and Lundmark 2004) should not be overlooked. If we believe that attracting skilled, innovative, and motivated individuals is good for the economy then we should also take seriously the types of environments and milieus that might attract them.

In policy the ideas of attracting inward investment and of attracting knowledge workers are far from new and in most regions policies, structures and organizations already exist. The question in many places then is if (and to what extent) they want to focus attention on experience and experience industries in the ways they promote their regions, etc. Promotions and branding of regions as cultural or experience centred places must be carefully carried planned; and ultimately must have a strong basis in what is actually happening locally.

4.3 Attracting tourists and visitors

The Swedish Tourist Authority, using methods developed by the World Tourism Organisation, found that in 2002 the tourism industry in Sweden employed about 126 400 people on a yearly basis (+34 % since 1995). It had a total turnover of 163.5 billion SEK, or around 2.63 % of Swedish GNP (Turistdelegationen, 2004, *Fakta om svensk turism*). Though it is a significant employer and earner the Swedish industry is relatively small by international standards, which indicates a growth potential.

It is worth noting that tourism export has an interesting and somewhat different role compared to traditional ways of looking at export income. Tourism export is defined as income from, and expenditure by, people travelling to Sweden – we export/market our 'tourist attractions' abroad and visitors come here to consume

the offering. This means that tourism is not only a contributor when it comes to normal export income (like any other exporting industry): 43.4 billion SEK in 2004. It also contributes through consumption in Sweden when visitors are here: it is the only exporting industry that contributes VAT taxes to the state (6.8 billion SEK in 2004). Tourism involves an economic volume on a par with the traditional stalwarts of the Swedish economy – such as automobiles with export income of 59.2 billion SEK, Pharmaceuticals with 53 billion SEK, and Iron & Steel with 51.7 billion SEK (SCB).

Policymakers and regional development authorities widely hope that ‘tourism’ can generate valuable new jobs and income in areas where, for example, the industrial base has shrunk or disappeared, or areas that are too remote or environmentally sensitive to support other industries. Today, many communities are engaged in a continuous and significant battle to create more jobs and greater prosperity. For many areas in Sweden welcoming and hosting tourists, business visitors, events, conferences, etc. is a rapidly growing industry. However, in a global world economy we travel like never before and tourist destination move in and out of fashion. The survival and further development of this sector relies almost entirely on consumers having positive associations and experiences. It is no surprise then that there is a growing awareness that places, like products and services, need to be marketed. Each community must define its special features and effectively communicate its competitive advantage to attract prospects and potential customers (see Kotler et al, 1999). This, however, is far from an easy task.

With this line of reasoning in mind the tourism businesses in general plays an increasingly important role in both the marketing and the making of regions. Many regions use the uniqueness of the area or fixed attractions such as amusement parks to attract visitors. Other very important means are fairs, happenings and events. In recent years, the importance of large scale or mega-events and/or events with high media coverage has become more essential to regions and places. By hosting these events places hope to attract visitors and gain media coverage, but also to create the image of being interesting, forward-looking, young and happening. Interviews conducted by Gustafsson (in March 2005) with representatives from the cities of Gothenburg, Stockholm, Linköping, Växjö and Skellefteå support the view that large scale events – in this case Sweden’s largest yearly media and entertainment event: *Melodifestivalen*¹ – are widely seen as important sources, not just to attract visitors, but also as a helpful tool in creating a positive image that will attract future visitors and events.

Moreover, mega-events are sometime used as enablers for urban regeneration and social change – especially when it comes to large scale sporting events. Well known examples of this is when the city of Paris rebuilt an entire part of the city in and around Stade-de-France (see Newman & Taul, 2002), and when Vancouver revitalised the area around the new BC Place Stadium (See Lee, 2002). Another example of the enabling role of experience driven businesses can be seen in the Swedish ski resort of Åre, where heavy investments in infrastructure, productivity, and service have been made with the Alpine World Championships 2007 in mind (www.are.se). Many of these investments would not have been made without the enabling role of the forthcoming event. Hence, the event itself becomes the reason for investments that will benefit the region for years to come.

Competition for tourist visitors is now intensely international. Since air travel has fallen so dramatically in price, Swedish regions interested in attracting tourists

¹ Melodifestivalen is a held over 5 Spring weekends and is the national competition to select Sweden’s entry for the Euro Vision Song Contest; as an event it receives an enormous amount of media coverage.

(both domestic and foreign ones) need to prove that they offer a tourist experience comparable with the best the world has to offer. Just as manufacturing firms can no longer compete solely on the basis of price and quality neither can tourist destinations: there are plenty of cheaper, high quality alternatives both within Sweden and abroad.

Firstly, firms providing the possibility for the consumer to 'experience' something play an important role in attracting tourists. The part of the experience industries that deal directly with tourists – such as festival promoters, sports activities, hoteliers, funfairs – are the focus for much of the tourists' expenditure. Tourist destinations need to think about the 'entire experience' tourists have: not just if they have a good hotel room but what sort of activities, milieus and experiences they can encounter (and want to come back to).

Secondly, experience industries that do not directly deal with tourists can also have a significant effect on regions' attractiveness to tourists. Statistical studies (Power 2002) have shown that in Sweden there is a clear link between the number of employers and active firms in tourist industries (such as hotels and restaurants) and the number of employers and active firms in cultural industries. Those areas with greater concentrations of cultural industries also have greater concentrations of tourist industry. Statistical analysis of Denmark, Finland, Norway and Sweden (Power 2003) clearly shows that, in all four countries, the regions with greater diversity of cultural industry categories/sectors enjoyed significantly higher average concentrations of core tourist industries such as hotels and restaurants. This indicates that tourists find places with a diverse cultural and experience economy more attractive.

4.4 Internationally recognised regional brands, profiles and quality marks

In high-value consumer markets intangibles such as image and brand are vital to all firms' competitiveness. Whilst all product and sales development work involves developing attractive brands and images, some images and brands that effect the success of products are outside the power of individual firms. The origin of goods and services is still a major factor in consumers' decision making. Consumers associate certain regions and places with certain characteristics and therein the products of those regions.

Internationally recognised brands such as 'Made in Italy' and 'Paris Fashion' undoubtedly help Italian and French clothing firms' international competitiveness. In fact, the world of high value quality goods is full of place-based markers and brands: 'Swiss Watches'; 'Belgian Chocolates'; 'Saville Row suits'; 'Sheffield Steel'. The fact that many firms purposely use places names in their own names – DKNY, Stockholm Design House, and Swedish Match – shows that coming from a place with a good name can be valuable.

However, regional brands and images are not static. To develop a competitive advantage via regional branding, places need to consider the past, present and future. They must draw on their strength and know of their weaknesses, and they must identify opportunities and threats (Kotler et al, 1999). With careful management international consumers' perceptions can be changed. In the past labels

such as ‘Made in Hong Kong’ were often associated with low quality goods of limited durability. In recent years Western consumers’ perceptions of these labels have changed dramatically and ‘Made in Hong Kong’ is no longer associated with poor quality. Indeed, around the world, city and regional authorities have made considerable investments in promoting new images and rebrandings of their areas. Such rebranding exercises have often involved a focus on experience industries: such as Barcelona’s use of the Olympic Games and its cultural heritage to rebrand itself as a cosmopolitan, up and coming world city.

Activities supporting the creative and innovative image of Swedish culture and experience industries can have a positive effect on all sorts of firms interested in export markets. Long established internationally recognised brands such as ‘Scandinavian Design’ have been extensively used by some of Sweden’s most successful exporters: e.g. Ikea and Absolut Vodka. As global consumers become more and more interested in other cultures and lifestyles, the image of where products come from can have powerful effects on products’ competitiveness.

Recognizable regional brands based on experience, culture and creativity are increasingly positive selling points and are associated with values such as innovation and desirability. Such brands are obviously important to those in the experience industry, but even firms in vastly different types of business can benefit from positive regional associations. Thus, at national and regional levels, efforts should be made to ensure that positive signals are sent out to potential consumers, for example via:

- Activities – such as joint exhibitions, showcases, or trade fairs – that aim at promoting the quality and innovativeness of Swedish experience products: for all industries. Care should be taken that such efforts do not promote rigid or static images of Sweden. Rather, they should promote Swedish innovation, creativity and quality and attempt to build up lasting brand names that benefit all firms: such as ‘Made in Italy’ and ‘Paris Fashion’.
- Regions and cities should carefully consider the image and brand they are bound to. To develop a competitive advantage via regional branding, places need to consider the past, present and future, they must draw on their strength and know of their weaknesses, and they must identify opportunities and threats (Ibid.).

5.

International Experience and Best Practice

In spite of different definitions of the cultural, experience or creative industries, there is ample proof of the increased economic importance of these sectors.

- International research from the Travel and Tourism Industry shows that the tourism industry currently generates 214.7 million jobs and contributes 10.4 % (US\$4218 billion, or about 3269 billion) of the world's total GDP (World Travel & Tourism Council, *Progress and Priorities 2004/05*, <http://www.wttc.org/>).
- The global entertainment and media market, has been projected to increase from a total of US\$1.2 trillion in 2003 to US\$1.8 trillion in 2009; growing at a compound annual rate of 7.3 %. (Price Waterhouse Coopers, *Global Entertainment and Media Outlook 2005–2009*).
- According to the European Commission's estimates cultural industries employed over 7 million people in 2001. (European Commission, *Exploitation and Development of the Job Potential in the Cultural Sector in the Age of Digitalisation: Final Report*, June 2001)
- In Japan the creative industries employed 1,878 million people in 176,000 establishments in 2001; and between 1996 and 2001 that the number of firms expanded by 3.8 % despite a decline in the rest of the economy of 5.5 %. (<http://www.nli-research.co.jp/eng/resea/life/li031202.pdf>)

Figures and findings such as those above clearly demonstrate that the 'experience economy' is far from a sideline set of amusements and worthy cultural causes, but a fast growing and highly valuable business area. A number of industrialised countries have started taking a highly proactive approach to the industrial development of their experience industries. Using alternative labels and slightly different

definitions – creative industries, cultural industries, arts industries, and copyright industries – there is clear acceptance in many major economies and international bodies that the experience industries represent significant growth potential as well as already accounting for large shares of national employment and earnings.

5.1 International examples

Below we will use the examples of the United Kingdom, Hong Kong, and Singapore to show how different governments are taking responsibility for boosting the international competitiveness of the experience industries. We also provide the reader that want to explore the topic further with extensive links to policy and other documents that might be of interest.

5.1.1 United Kingdom

The UK has been perhaps the most prominent, and pioneering, advocate of using experience industries – or creative industries as they refer to them – to boost international competitiveness. Concerted policy efforts have been made to support the experience industries for many years in the UK.

The UK Government estimate that 1,9 million people worked in the creative industries in 2002 and between 1997 and 2000 the number of creative industry firms grew by 8 % per year. In 2001 creative industries accounted for 4.2 % of all UK exports of goods and services (<http://www.culture.gov.uk/>)

The first prominent example of policy in this area was the Greater London Council's 'cultural industry' development planning in the 1980s. In the mid-1990s the new Labour governments introduced the idea of 'creative industries'. The creative industries term fully entered the UK policy agenda in under the direction of the Department of Culture, Media and Sport (DCMS – www.culture.gov.uk/creative_industries/).

A series of state of intent documents were drawn up as well as a series of 'creative industry mapping documents' which attempted to quantify the scale and scope of these activities (DCMS, 1998, *The creative industries mapping document*; DCMS, 2001, *The creative industries mapping document*. The DCMS approach was to concentrate on:

“those activities which have their origin in individual creativity, skill and talent, and which have the potential for wealth and job creation through the generation and exploitation of intellectual property.” DCMS 1998:3)

The approach has received further backing from the Department of Trade and Industry (DTI) who have identified creative industry clusters as key to regional economic growth (see: DTI (2000) *Business clusters In the UK: a first assessment*, London: Department of Trade and Industry. www.dti.gov.uk).

Since the inception of the term most of the work at national level in the UK has been aimed at disseminating the term/idea within the national administration, conducting research and analysis, and setting up inter-ministerial and inter-agency working groups and 'task forces' to coordinate actions. The most important move at a national level has been the Government's new (2003) requirement that all government agencies must take account of the 'creative industries' in their work.

In terms of concrete policies involving money and resources most of this has been at the regional level in the UK. The widespread adoption of the new Regional Development Agencies of creative industry cluster-building approaches has meant that throughout the UK a plethora of small and sometimes very large-scale investments have been made. The European Union's recent emphasis on 'cultural industries' as especially deserving of Structural Funding has also meant for large investments across the UK.

Key policies:

- Raising awareness across Government of the issues and barriers affecting the performance of creative businesses: work involved a national conference on access to finance and a series of regional conferences.
- The creation of industry led export promotion boards. This work is being taken forward by four industry sector groups: Creative Exports; Cultural Heritage & Tourism; Design Partners; and Performing Arts International Development.
- Established a forum to assess ways of improving the interface between creative industries and higher education.
- Commissioned research in 1998 and 2001 to map the economic value and contribution of the UK's creative industries: 'Creative Industries Mapping Documents'.
- Created an Intellectual Property Portal which provides popular and regularly updated services to the general public, business and inventors.
<http://www.intellectual-property.gov.uk/>, <http://www.artscouncil.org.uk/>.
- Literature and websites giving careers advice for young people who want to work in creative industries.

The UK's introduction of the idea of creative industries as economic growth poles and key to the knowledge economy has been adopted by many other countries: e.g. Australia, New Zealand and Hong Kong.

5.1.2 Hong Kong

The Hong Kong Administrative Government has recently initiated an economic development plan for the future of Hong Kong's competitiveness in which 4 core economic areas are identified: 'cultural and creative industries' are a central part of this development plan.

*"Cultural and creative industries can propel the economy to a new level."
(Tung Chee-hwa, Chief Executive of the Government of Hong Kong Special Administrative Region, Policy Address 2005)*

*"Hong Kong can boost its competitiveness and enhance its quality of life by strengthening its creative and cultural activities. This has two potential benefits: it contributes directly to Hong Kong's gross domestic product and it also helps to enhance the attractiveness of Hong Kong's living environment."
(Hong Kong Commission on Strategic Development, Hong Kong's Long-Term Development Needs and Goals, June 2000)*

Key policy actions:

- Strategic mapping and evaluation of cultural and creative industries strengths.
- Moved ‘cultural and creative industries’ to the centre of the economic development agenda.
- Establishment of consultative framework for cultural and creative industries, to encompass private and public actors.
- Extensive legal and governmental action on copyright issues and creative freedom issues.
- Established incubators for video/computer games companies: Digital Media Centre; Cyberport iResource Centre.
- Set up a Design Centre.
- \$250 million DesignSmart Initiative to develop a service centre that will provide a focal point for high value-added design activities.
- Negotiated and secured access to the Mainland Chinese market for Hong Kong film industry.
- Improvements to existing funds supporting the film industry.
- Activities to promote local films.
- Set up new international showcases and events: Entertainment Expo Hong Kong; Hong Kong International Film Festival; Hong Kong International Film and TV Market; Hong Kong Film Awards Presentation Ceremony; Digital Entertainment Leadership Forum.

5.1.3 Singapore

In 2000, the creative and copyright industries of Singapore contributed a total value-added S\$5 billion, or 3.2 % of GDP and 2.2 % of employment. From 1986 to 2000, the creative industries grew by an average of 17.2 % per annum, as compared to average annual GDP growth of 10.5 %. The Singapore Government and the new Prime Minister, Lee Hsien Loong, have decided to see the creative industries as a cornerstone of their economic and social planning. Supporting the creative industries in Singapore can be said to have 2 main aims:

- Expanding the export potential and revenues of creative industries.
- Using a focus on creative industries to help attract mobile knowledge workers and emphasis a new openness, creativity and innovation as core values.

The creative industries are seen as symbolic of a more mature economy characterized by greater economic and social liberalization. In this vision creative product design, innovative services, and R&D are hoped to propel the Singaporean economy forward at the same time as the country becomes receptive to new social, artistic and political aspirations.

“Singapore’s creative industries already contribute significantly to the economy. With the right capabilities in place, the creative industries could become an important driver of growth for the Singapore economy.” (Singapore Ministry of Trade and Industry 2003)

The Singapore approach has emphasized a comparative benchmarking approach and extensive benchmarking of its creative industries has been carried out. The following table shows attempts to benchmark Singapore's creative and copyright industries and could be a methodology Sweden could adapt.

Markets			
	Copyright Exports (% of Total Exports)	GDP Per Capita at PPP (US\$)	VA of Knowledge Intensive Industries (% of GDP)
Singapore	2.90	22,262	56.38
Australia	1.82	25,980	48.60
Unites States	19.78	34,158	56.10
Unites Kingdom	9.41	24,146	51.40
Hong Kong	3.10*	25,467	NA

Infrastructure			
	Institutional Framework (Rating of 1 to 7)	Size of Copyright Industries (% of GDP)	Public Expenditure on Media, Arts and Culture (% of GDP)
Singapore	5.90	3.20	0.30
Australia	6.10	3.30	0.32
United States	6.17	7.75	0.13
United Kingdom	6.27	7.90	0.15
Hong Kong	5.80	2.64 [^]	0.29

* Hong Kong's official estimate is computed as the percentage of total export services that could be attributed to creative industries, unlike other countries which consider both goods and services.

[^] Hong Kong's official estimate of 2 per cent of GDP is based on creative industries only. This has been apportioned upwards to include distribution industries, assuming Hong Kong's copyright industries share a similar structure as Singapore's.

Source: Economic Survey of Singapore First Quarter 2003, Ministry of Trade and Industry.

The Economics Division Ministry of Trade and Industry, Creative Industries Strategy Group Ministry of Information, Communications and the Arts have together formed an agency called Creative Industries Singapore and are at the centre of a series of policy initiatives aimed at expanding the creative industries.

Key policies:

- The Media Development Authority announced, in July 2003, that it would invest \$100 million over 5 years in the media industry and supporting institutions
- In July 2004 the government announced that it has set aside \$200 million to be invested over the next 5 years to double Singapore's creative industries – arts, media and design. The target is for the sector to contribute 6 % to the economy by 2012.
- 3 Industry-specific *cluster* based blueprints have been formulated:
 1. **Renaissance City 2.0:** a blueprint for developing Singapore into an innovative and multi-talented global city for arts and culture. The plan involves the creation of Creative Towns/urban areas, "Percent-for-the-Arts" schemes, fusion spaces, creative thinking and entrepreneurship training courses, cultural events and festivals, new museums and galleries, entrepreneur support for creative industries firms.
 2. **Design Singapore:** aims to turn Singapore into Asia's leading hub for design excellence, with the design cluster as a key driver of national economic competitiveness. The plan proposes: development of quality and performance standards and codes of practice; professional development programmes for designers; a national design award; anchoring of a major international

design award in Singapore; National Design Agency; programmes to link designers with industry through shared resources and facilities, research and prototyping facilities.

3. **Media 21:** aims to develop a thriving media ecosystem rooted in Singapore with strong international extensions. Specific measures include: tax incentives for investments in media copyrights; co-establish a Media Loan Fund with private companies; moves to attract media venture capitalists and finance companies; establishing a registry of media copyrights; Content Development Fund; initiatives to increase bilateral co-production; trade fairs and meeting places; building a 'Mediapolis'; change regulatory systems and laws to be more conducive to media.

5.2 International policy action

International policy action in relation to the experience industries, cultural industries, creative industries, copyright industries or media and entertainment industries seems to follow the following general aims according to our research:

1. Highlighting and publicising the economic importance of experience and experience industries and thereby putting them on the cognitive map of policy makers
2. Establishing the industries importance and putting them the policy map
3. Building collaborative inter-firm relations in order to mobilize latent synergies
4. Organizing efficient, high-skill local labour markets
5. Targeting established local industrial creativity and innovation

At present the majority of international policies following the above aims are in their infancy but have generally been directed towards building up basic institutions and coordinating disparate groups of actors. Principally this has involved:

- Organising assessments and studies of what experience industries and strengths exist
- Setting up government task forces to coordinate public sector efforts
- Funding and setting up of cluster organisations
- Creating centres for the encouragement of technological upgrading or design excellence
- The initiation of labour training programs and advice centres for firms
- Organizing exhibitions and export drives
- Socio-juridical interventions like dealing with threats to the reputation of local product quality due to free rider problems (especially in tourist resorts), looking at tax system etc.
- Helping to protect intellectual property

6.

Learning from International Best Practice: Ten questions

Looking around the world it seems that industry policy making related to these industries have often shared similar paths. Policy makers have started by trying to understand the scale of activities in their area, and then moved on to highlighting the economic importance of the industries. The first stage has been to put these industries on the map and thereafter on the agenda. Once this has been achieved (or started), policy actors have attempted to institute concrete policies in support of such things as: improving inter-firm and cluster relations; supporting the development of efficient, high-skill local labour markets; and improving the links between experience industries and other types of local industries. We have also said that at present the majority of international policies are in their infancy and have in general been directed towards building up basic institutions as well as trying to coordinate disparate groups of actors.

In the light of experiences at home and abroad it seems to us that the following 10 questions can help officials, policy makers and other concerned parties to better understand the competitive climate and conditions for their local experience industries: and thus identify areas they need to think about further.

Ten questions:

1. Can you name your region's leading experience industry exporters?
2. Does your local development authority or similar promoting body offer a programme on export trade for members at least once a year?
3. Does your local college or university provide any help to would be exporters in identifying new technologies, methods, overseas markets or opportunities? Do you have access to them?
4. Are your major financial institutions and business development authorities familiar with export financing, letters of credit, foreign exchange protections, taxation and intellectual property issues regarding the industries? Are they positive towards the economic possibilities the experience industries represent?
5. Does your local economic development agency arrange/sponsor trade seminars, trade shows, showcases and catalogues or provide marketing assistance tailored to the experience industries?
6. Does your local economic development agency identify, target and contact potential export companies to support trade facilitation?
7. Have your place/region partner-city relationships with other similar experience industry places or regions? Both national and international?
8. Do your local authorities organise trade missions overseas to promote experience industry contacts and trade?
9. Does your community or region have a well defined understanding of the general and local experience industry economy and its logic? Its trade composition and/or potential?
10. Can you identify any trade facilitation strategies of your business community and or economic development agency? Do they have a plan for facilitating experience industries?

(Adapted from Kotler et al 1999:258)

7.

An Example of a Small Local Incubator in Sweden

As mentioned earlier, clusters have been shown to play a key role in making firms' international and export competitiveness stronger. Clusters tend to foster social and business networks that link firms together and additionally, the milieus tend to support the development of better products. Besides, the strongest clusters are often linked together via networks with other clusters and markets at an international level. These links function as 'pipelines' for innovations and products as well as easing first contact and reducing barriers to entry (Power and Malmberg 2005).

Thus well functioning clusters play two important roles:

1. They provide a nurturing milieu for firms.
2. They provide channels/pipelines that help firms export.

Central to cluster initiatives and thinking is the idea that networks and inter-firm relations are anchored in geographical space: both overarching milieus and local meeting places. *For local policy the creation of different forms of meeting places is a realisable and achievable goal.* Meeting places can be virtual networks, conferences or, in the case we discuss below, incubators and centres for start-up firms.

In Sweden, many experience industries locate near each other and in recent years government has attempted to build on this by helping support, amongst other things, nascent cluster initiatives, business linking programmes, and shared incubators. With so many small scale local initiatives in place, Visanu was interested in how representatives of such initiatives understood international competitiveness. Are questions of internationalisation, export, etc. on their agendas? Do they recognise, and take in to account, the importance of creating a foundation

for a good export climate? In order to get hints of some of the issues that concern small companies working within the experience industry, interviews were made with representatives of Brew House – a small local cluster incubator participating in the Visanu-program.

Brew House was a new business incubator for firms and organisations within the music and film sector, located in Gothenburg (www.brewhouse.se). A focus group interview with actors in the incubator and some interviews were conducted. All actors had, in some way, previous experience from export or international collaboration within their respective field. It must be noted that Brew House is a small and young centre and is only one of many similar centres in Sweden and elsewhere. It is therefore not possible to draw any definite conclusions on the basis of this one example. Still the data from Brew House case can be interesting for policymakers as an illustration of the difficult challenges new business clusters and incubators in these industries may face.

7.1 About Brew House

Brew House was established in 2004 and is a creative centre, directed towards music and film production and to related commerce, trade and/or production. The idea behind the project is that it can provide a centre for inter-firm and inter-sector collaboration and contribute to the development of a film and music cluster in Gothenburg. It is meant to serve as a meeting place for actors within the experience industry. It is also intended to function as a platform and base for establishing networks, conferences, meetings and learning, and as a place where new knowledge and relations can lead to new business opportunities. With funding from Business Region Gothenburg AB the centre now houses 50 different companies as well as conference areas, a restaurant, recording studios, and acts as a host for business development and training for actors within the industry.

Some of the most interesting points from interviews and discussions around the suggested framework are presented below.

7.2 Issues and questions in a small local incubator

We started the discussion by questions about what kind of collaborations exist in the incubator. In the Brew House case there are some forms of support that all firms gain from: for example, training, seminars, common administration of some tasks, shared technical and in-sourcing solutions for the firms. Collaboration among firms exists but is not extensive. However, common support functions like the one mentioned above contribute to building networks and perhaps in the long run also to further collaboration.

When asked whether the organisations and firms in the Brew House expect monetary aid and economic contributions to their businesses one of the founders of the Brew house, says:

“I think that the firms in the cluster are aware that they are not going to get any ‘real contributions and free monetary aid’ but that they need to focus on reaching profitability... But, in some cases there is some sort of expectation from the actors that we should help them to find financing if needed”

However, there are firms that absolutely do not want any economic support. In certain cultural industries, such as music, there is often a deep antipathy towards state intervention and funding and a strong feeling of needing to be outside ‘the system’. However, firms generally welcome state or local agencies taking initiatives to provide business infrastructure such as the centre in question.

There seemed to be a general agreement that, even in small incubator centres like the one in Gothenburg, creative firms have to find markets outside their local, and sometimes even their national, market in order to survive. However, it can be hard for firms – and even for the cluster organisations and centres that link them together – to find the resources to internationalise, to understand how internationalisation should best progress, and what opportunities exist.

Related to these problems is the problem that for incubators and start-up companies within these industries the funding available to projects is habitually earmarked for small local development projects (especially for culture) and hence questions of internationalisations are not taken into account.

“We have a number of ideas but it costs a lot to work internationally, and where do you find money for these ideas?”

Within the Gothenburg cultural sector, even on the institutional level, there is a growing awareness of the need to engage in international markets and innovation systems. But changing existing paradigms of thought is a slow process and nothing much seems to be happening at the moment.

Traditional support systems that exist today are all directed towards local initiatives, in accordance to the directives given by the laws surrounding Swedish local authorities (*kommunallag*) and it is hard to find economic support outside those systems. For bigger arrangements, like mega sports event, large scale concerts etc., it is different, one respondent said. Around these events everything seems to be functioning well and international perspectives, funding, etc. comes naturally with the event itself because of the obvious economic value connected to the events. In short, it is often hard to present the case for extra funding of cultural or creative industry activities within existing local systems unless it is a very large event.

Respondents were also of the opinion that it is a lot easier to find funding for international initiatives of various kinds in traditional or manufacturing industries. In those industries you already have established trade organisations and other development organisations that have a natural role in helping with questions around internationalisation. But for small actors in the creative industries it is different.

“There is a need for some sort of an investment fund for international questions within these industries”

In discussion our respondents stressed three themes of importance for international development of experience businesses: Networks, knowledge, and capital.

1. Networks are extremely important. They are the foundation for international collaboration inward investment and export opportunities.
2. Knowledge among the actors in creative industries is extremely important in two ways: not just in the own area of expertise; but also to gain knowledge of how to use ones' own specialist knowledge in the intended markets and in collaboration with other actors.
3. The ability to attract or find the capital needed in order to internationalise is necessary to realise ideas of any sort.

7.3 The importance of understanding the industry

Another important issue is that policymakers understand the building blocks within (for example) the music and film industry, states one of the respondents. In many cases the basic building blocks in the “new economy” are not computers and the internet, but immaterial rights - who own the rights and how you exploit these rights.

“Knowledge about immaterial rights is the basic building bloc and the key to success for start up companies... Goods and traditional services are much easier for the establishment to deal with than immaterial assets.”

Another respondent said that that whilst he/she thinks it is important that “we own” the intellectual capital and immaterial rights there are other forms of collaborations that can be of use.

“We have for example collaborations, a co-publishing deal, with the American publishing company that takes part of the profit but also the risk. What's more, they contribute with a vast amount of capital and a network that give us a completely different business situation and opens up a lot of possibilities for us...”

This deal created 15 new jobs for five years, and the respondent thinks that they would never have been able to raise that kind of money in Sweden; mainly due to lack of knowledge among Swedish investors. A problem that faces many entrepreneurs in the creative industries is that established institutions find it hard to deal with investments and businesses based on immaterial assets. As one respondent said.

“...It should not happen that someone trying to start a company walks into a bank with a great business idea and gets no loan because the bankers do not know how to evaluate immaterial assets. But that is the case today.”

Another area with development potential has to do with the availability and accessibility to expertise. The respondents feel that it would be very valuable to have access to expertise regarding immaterial rights, inward investment, venture capital and export issues like for example taxes and law questions etc. This expertise may be present either on a local or regional level. Today, that kind of help does not

exist and most people in experience/creative businesses are learning by doing but there is a need for expert advice.

In relation to this, it was suggested that before tackling questions of how to promote experience industries it is imperative that institutions and policymakers better consider the question of why how these industries work. A better understanding of these industries by policymakers is important for putting the potential of these industries on the agenda and is absolutely necessary to design appropriate policy responses that fit to the industries logic.

7.4 Some final remarks about the Brew House discussions

In the case of Gothenburg we see a common problem faced by firms in the incubator: finding support agencies that understand the field, are appropriate, and are willing to take responsibility. The state provides systems of business and export support that the local and small firms, in this one example, feel are not attuned to the needs of their particular business area; systems that are often more interested in supporting large firms in traditional industries.

Furthermore, according to the results from the Brew house incubator, financial institutions (locally and nationally) often fail to see the business case in these 'new' industries and thus firms are forced to find venture capital elsewhere or take unusual levels of personal responsibility for loans, etc. Local cultural organisations and institutions often favour locally oriented and non-commercial 'Arts' and are thought to be often unwilling to help commercial or export oriented cultural/creative activities. In addition, local business support agencies often see creative industries firms as something for the arts funding agencies. Such examples show how many different potential areas of support there are, but equally how many of these fail to address the needs of export oriented creative industries and firms. For local cluster development a good start is to set up linking mechanisms or single agencies that understand creative firms' needs and can, if needed, assemble support packages for them. At present the institutions that support these firms are fragmented and are in need of coordination.

Additionally, this case shows that there is a lack of detailed knowledge and understanding of the business realities firms in these areas within both governmental and financial institutions. Thus, there is not only a need to educate the specific actors and entrepreneurs within the industry but also to educate the institutions that support these industries.

Whether an internationally competitive music and film cluster will exist in Gothenburg in the future is impossible to say, but it is clear that some elements important to building such a competitive cluster are in place. In this case the role of incubator services and meeting places seems to play an important role in the lives of the firms based there. All respondents involved agreed that meeting and incubator spaces are crucial to developing their firms' potential.

Last but not least, there was general agreement that thinking about models such as the one we present in this report is important to understand different cluster actors' roles and means in developing international competitiveness. From cluster actors and local firms, at least in this case, there is general agreement that questions about international competitiveness within the creative industries should be asked of by local clusters, organisations and authorities.

8.

Conclusions

The purpose of this report has been to present an outline of how the experience industries can contribute to international competitiveness and also to outline, on the basis of international policy action and best practice, ways in which the competitiveness potential in this area can be supported.

Additionally, this document presents a framework for thinking about the experience industries as valuable contributors to Sweden's international competitiveness. It is hoped the ideas raised in this report will help serve as a useful basis for starting a discussion and further work on ways in which experience industries can be made more competitive and how they can contribute to overall industrial competitiveness.

The definition of the experience industries covers a wide range of businesses sectors and branches as well as (in some aspects of the cultural sector) non-profit driven business activities. Common for all of these are that they can support regional, cluster and industrial competitiveness in a number of ways. In this report we are concerned specifically with how they can support international competitiveness. For a relatively peripheral, small and open economy such as Sweden the issue of international and export competitiveness is vital. International competitiveness is a complex idea and it is important to understand that being competitive in relation to the rest of the world when talking about experience industries consists of a number of elements. The contribution of these industries is not simply about successfully exporting goods across borders.

We propose that it is worthwhile seeing 'international competitiveness' as consisting of two key elements – an export perspective and an inward investment/local capacity perspective. Thinking about international competitiveness in this

way draws attention to the dual nature and complex role these industries play in a regional economy. These industries' impacts are not exclusively a question of export earnings and jobs nor exclusively about enriching local capacities. If it is true that these industries can contribute to strengthening regions international competitiveness in a variety of ways then it is also true that they will be helped by policymakers who understand how interlinked their agendas and aims are. This leads to the conclusion that public authorities must work together and have a somewhat holistic perspective when taking policy decisions.

A presentation of three international cases gives an indication of some general aims and policy action in relation to the experience industries. This study clearly shows (even though it is a selected overview and not a meta study of international practice in industry policymaking) that, whether the part of the economy in question is termed experience industries, creative industries or cultural industries (etc.), Sweden is facing an international environment where many countries have already well developed visions and plans for the development of their industries' international competitiveness. Experience based products compete on global markets. It is therefore important that to benchmark experience industries and develop strategic policies and measures to help them compete at the highest international level. Moreover, actually having an official policy for the industry seems to help in boosting the energy of the industry, as well as in helping to draw attention to important issues of innovation, creativity and growth.

Appendix – Webb addresses

UK

For further reading see:

http://www.culture.gov.uk/creative_industries/default.htm

(Department for Culture, Media and Sport, UK)

<http://www.dti.gov.uk> (Department of Trade and Industry, DTI, UK)

<http://www.dti.gov.uk/clusters>

<http://www.creativexport.co.uk/>

<http://www.creativelondon.org.uk/>

http://www.invest.uk.com/investing/uk_sectors.cfm

<http://www.culture.gov.uk/NR/rdonlyres/69DBE927-F6B5-43F4-AEEB-A327F3C5880E/0/creativeindustriesfinance.pdf>

(Creative Industries Finance Report)

<http://www.yourcreativefuture.org/>

<http://www.intellectual-property.gov.uk/> (UK)

<http://www.artscouncil.org.uk/> (UK)

Hong Kong

For further reading see:

<http://www.policyaddress.gov.hk/2005/eng/p83.htm>

<http://www.policyaddress.gov.hk/pa04/eng/p27.htm>

<http://www.tdctrade.com/econforum/tdc/tdc020902.htm#app>

Baseline Study on Hong Kong's Creative Industries [http://www.info.gov.hk/cpu/english/papers/baseline study\(eng\).pdf](http://www.info.gov.hk/cpu/english/papers/baseline%20study(eng).pdf)

Singapore

For further reading see:

http://www.mti.gov.sg/public/ERC/frm_ERC_Default.asp?sid=99

(Ministry of Trade and Industry)

http://www.mti.gov.sg/public/ERC/frm_ERC_Default.asp?sid=131

(Creative Industry Development Strategy)

http://www.mti.gov.sg/public/PDF/CMT/NWS_2003Q1_Creative.pdf?sid=40&cid=1630 (Economic Survey of Singapore, 1Q 2003)

http://www.mita.gov.sg/mita_business/b_creative.html

[http://www.mti.gov.sg/public/PDF/CMT/ERC_SVS_CRE_Annex1.1\(a\).pdf?sid=131&cid=1303](http://www.mti.gov.sg/public/PDF/CMT/ERC_SVS_CRE_Annex1.1(a).pdf?sid=131&cid=1303)

http://www.mti.gov.sg/public/PDF/CMT/NWS_2003Q1_Creative.pdf?sid=40&cid=1630

http://www.mti.gov.sg/public/PDF/CMT/ERC_SVS_CRE_Chapter2.pdf?sid=131&cid=1299

http://www.mti.gov.sg/public/PDF/CMT/ERC_SVS_CRE_Chapter3.pdf?sid=131&cid=1300

<http://www.mda.gov.sg/wms.ftp/media21.pdf>
(Media Development Authority Singapore)

US

<http://www.iipa.com/> (International Intellectual Property Alliance)

http://www.iipa.com/copyright_us_economy.html
Copyright Industries in the U.S. Economy

http://www.iipa.com/pdf/2002_SIWEK_FULL.pdf
(Stephen E. Siwek, Economists Incorporated)

Australia

<http://www.dcita.gov.au/>
(Department of Communications, Information Technology and the Arts)

<http://www.noie.gov.au/>
(The National Office for the Information Economy)

http://www.dcita.gov.au/ie/environment/drivers/creative_industries
(Creative Industries Cluster Study etc.)

<http://www.copyright.org.au/pdf/acc/Books/BCEPv03.pdf>
(The Economic Contribution of Australia's Copyright Industries, Allen Consulting Group)

<http://www.creativeindustries.qut.edu.au/research/cirac/documents/bccreportonly.pdf>
(Brisbane's Creative Industries 2003, CIRAC for Brisbane City Council)

http://www.noie.gov.au/publications/NOIE/DCITA/cluster_study_report_28may.pdf (Australia)

New Zealand

http://www.nzier.org.nz/SITE_Default/SITE_Publications/x-files/182.pdf
(Creative industries in New Zealand: Economic contribution, New Zealand Institute of Economic Research)

<http://www.nzte.govt.nz/section/11756.aspx>
(New Zealand Economic Trade Development Agency – New Zealand Trade and Enterprise)

<http://www.nzte.govt.nz/common/files/ses-creative.pdf>
(Creative Industries, New Zealand Economic Trade Development Agency – New Zealand Trade and Enterprise)

China

<http://www.createdinchina.org/>

Japan

<http://www.nli-research.co.jp/eng/resea/life/li031202.pdf>
(Policy recommendations Japan)

Tourism

<http://www.world-tourism.org/facts/wtb.html>
(World Tourism Highlights Report)

<http://www.wttc.org> (World Travel & Tourism Council)

www.tourist.se

Other

<http://www.washingtonmonthly.com/features/2001/0205.florida.html>
(Richard Florida)

www.nordicdesign.org

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International Competitiveness and Experience Industries

During the last decade, it has become increasingly clear that the experience industries – using a broad definition of the concept – may contribute to international competitiveness in a number of different ways. In this report their contribution in two areas is discussed: their contributions to increased exports; their role in helping to attracting inward investment and stimulate the development of local capabilities.

The purpose of the study is to examine potential ways in which international competitiveness in the Swedish experience industry could be developed. In the report the idea of the experience industry is discussed, a model for analysing international competitiveness in the experience industries is developed and international policy actions for supporting creative, cultural and experience industries are presented. Finally, ten questions to better understand the competitive climate and conditions of a local experience initiative are suggested. The report is illustrated with examples and cases of policy initiatives from Sweden and abroad.

The report is aimed at everyone interested in understanding international competitiveness in the experience industries.

About Visanu

– NATIONAL PROGRAMME FOR DEVELOPMENT OF INNOVATION SYSTEMS AND CLUSTERS

Visanu is a collaboration between ISA, Nutek and VINNOVA with the aim of developing innovation systems and clusters as tools for economic policy. The programme is based on initiatives in three main areas: process support to regionally prioritised innovation systems and clusters that have the potential to develop their competitiveness internationally; knowledge development based on experiences within the programme and of various knowledge projects; and international marketing to attract foreign direct investments and expertise to Swedish innovation systems and clusters.

