Italian Cultural and Creative Industries

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Introduction

Italian cultural and creative industries are growing both in terms of economic value – reaching 2.96% of the national GDP in 2015 - and employment - attesting over one million people. These figures are quite optimistic, especially compared to the other Italian manufacturing sectors, which places cultural and creative industries in a significant position of the country's economic landscape.

In 2015, the Italian cultural and creative sector recorded a total economic value of 47.9 billion euros. 86% is direct revenues derived from activities directly linked to the creative chain such as conception, production and distribution of cultural and creative works and services. The remaining 14% comes from indirect revenues related to ancillary or ancillary assets.

Direct economic values of all the creative and cultural sectors have been growing since 2015, only except the newspapers and periodicals – this sector showed more than 8% drop. The sector that grew most in terms of direct economic value was music.

The cultural and creative industries are ranked third in Italy from an occupational point of view after the construction sector and catering and hotel industry. Thanks to the important intellectual contribution, the creative industry is characterized by a high concentration of human capital.

Employment

More than a million people were occupied in creative sectors in 2015, 86% of whom were directly involved in business activities of the industry. With about 880,000 jobs, jobs in the cultural and creative industries represent nearly 4% of the entire Italian workforce.

Again, in 2015 the cultural and creative sector demonstrated growth across all its subsectors except for the Newspapers and Periodicals, which is down 4.6% from previous year. The subsector which grew most from an employment point of view is Video Games, with a 7.8% increase compared to previous year.

Economic effects

Cultural and Creative industries account for 2.96% of global GDP and 2.55% of GDP, considering only direct effects. In 2015, the revenue from the Italian cultural and creative industries sector grew, compared with the previous year, more than GDP. In fact, there is a 2.4% increase of direct revenues (+ € 951 million) in the cultural and creative sector against a 1.5% growth in Italian GDP.

Starting from 2015 the creative industry has overtaken telecommunications, energy, automotive industry and food. With more than 41 billion euros generated, cultural and creative industries are positioned ahead of the telecommunications sector (38 billion euros) and shortly after the chemical industry (50 billion euros).

In terms of employment, the numbers are even more significant, with more than one million employees representing almost 4.6% of the Italian workforce. Direct employment is about 880,000 – up 1.7% (+ 15,000) compared to the previous year. The employment growth rate in cultural and creative sector, which equal to more than 0,8%, is bigger than the total employment rate in Italy.

The industry also accounts for the top jobs in Italy from an employment point of view among such sectors such as telecommunications, energy, automotive industry and food.

Threats and Opportunities

The major threats to the Cultural and Creative Industries are value gap and piracy.

"Value gap" refers to the inefficient remuneration resulting from the lack of recognition of the creative chain (creator and generator of the contents made available) of a substantial part of the value generated by some technical intermediaries through their platforms.

"Piracy" means any activity related to reproduction, distribution and illegal use of intellectual products.

To increase the value of the sector, one highlights five main areas of intervention:

- Internationalization: improve relations with foreign countries; spread prestige; expand the range of opportunities;
- Management: encourage co-ordination plans, streamline bureaucracy, and improve resource management efficiency;
- Training: train best profiles for the market, educate creativity and innovation, fill the gap between institutions and schools;
- Innovation: exploit trends, use social tools to improve the relationship with users, create effective mechanisms;
- Economics: support existing revenue lines, explore new opportunities, provide incentive systems.

By exploiting growth opportunities and countering the phenomena that threaten the Creative and Cultural Industry, it is possible to gain greater value in the cultural and creative industry.

Sector analysis

To analyse the Italian cultural and creative industry, we will look at 10 sectors within the industry.

1) The **Architecture** sector has activities that intertwine with real estate. These are the activities carried out mostly by architects, but they often overlap with the activities of geometers and engineers. These tasks can be represented by the following macro phases:

- Planning;
- Preliminary design;
- Definitive design;
- Executive design;
- Interior design;
- Asset management;

Economic value: 2,4 mld
Employability: 68.900 people

2) The **Performing Arts** sector is characterized by a multitude of artists and activities with often very different characteristics whose combined synergic action contributes to the performance art. The following main phases, according to a temporal logic, represent the Performing Arts:

- Training;
- Creation;
- Edition;
- Production;
- Live performances;
- Spread;

Transversely connected to these phases is:

- Copyright management and related rights;

Economic value: 4,7 mld
Number of employed: 172.400

3) The field of **Visual Arts** is characterized by the presence of creative artists and artists who perform very different types of works. With a high level of abstraction, a sequence of temporal phases within the visual arts looks like this:

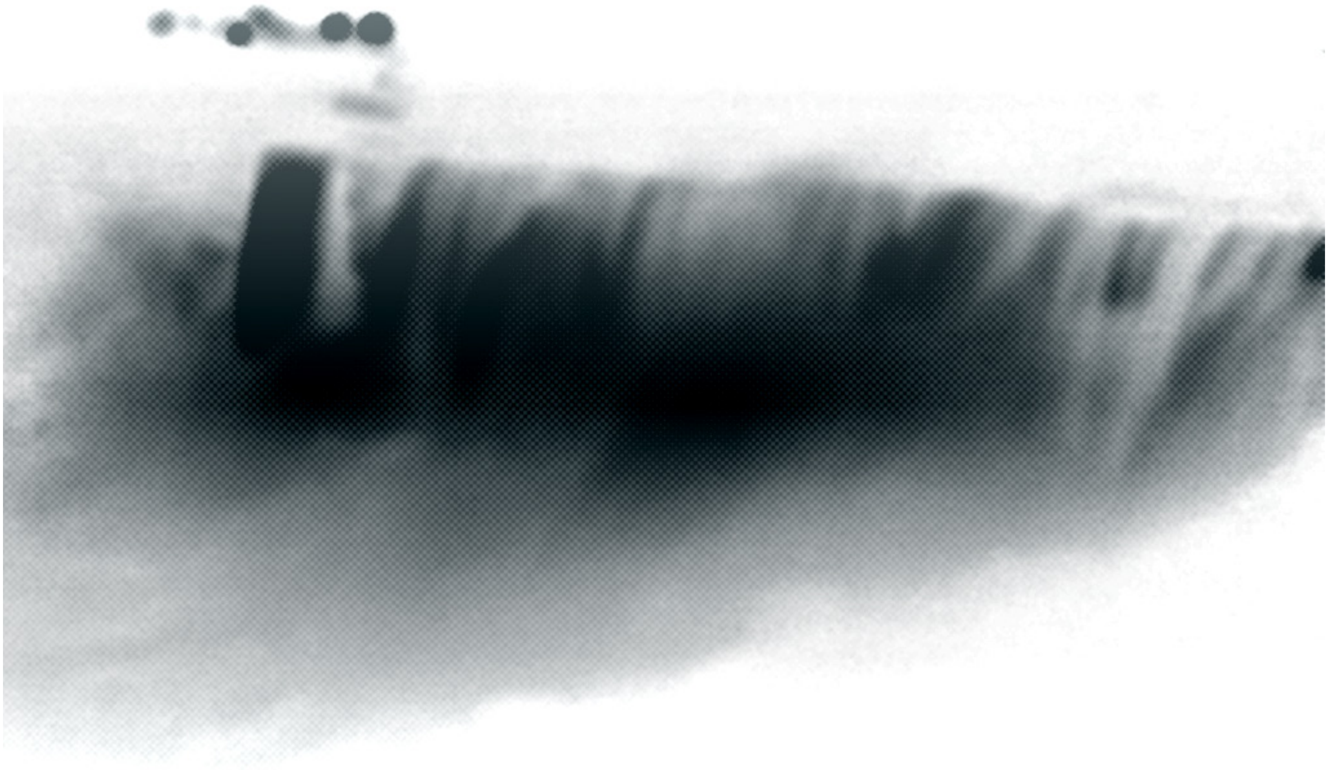
- Training;
- Creation;
- Production;
- Brokerage;
- Sale;
- Exposure;
- Storage;

Transversely connected to these is:

- Copyright management and related rights;

The phases of the chain as described above may be subject to change depending on the type of visual work. For example, the stage of conservation is very important in case of painting, sculpture or archaeological fields, but less relevant in case of photography and illustration or absent in case of digital art.

4) In the last decade, new audiovisual forms from user generated content to born series for Internet broadcasting have emerged in the **Audiovisual Sector.** This phenomenon does not yet change the fundamental balance of the sector. Significant revenues are still derived, to a large extent, from the monetization of two types of "traditional" audiovisual products: cinematographic works, created with the main aim of being screened in



cinemas, and "non-cinemas" that are produced for television broadcasting.

These two types of products are also characterized by specialized supply chains.

Film products:

- Artistic training;
- Ideation;
- Development;
- Production;
- Promotion;
- Distribution;
- Film projection - Sale and rental – Broadcasting - VOD Streaming and Downloading

Television products:

- Artistic training;
- Ideation;
- Development;
- Production;
- Diffusion;
- Broadcasting - VOD Streaming and Downloading

Transversely connected to these is:

- Copyright management and related rights;

Economic value: 14 mld
Number of employed: 180.500

5) The **Book Industry** sector provides numerous activities carried out by people with different roles and professional skills. The following phases represent the book creation process:

- Creation;

- Edition;
- Print;
- Promotion;
- Distribution;
- Sale / Loan

These are the areas that are transversely connected to the phases above:

- Physics;
- File Generation;

These phases are an estimate. They may not all be present or some of them may be different from what they traditionally meant. The phenomenon of digitization has an inevitable impact on the book production chain. An example in this sense is represented by printing, the same in fact for digital products translates into the generation of a file (and not in the physical print of the book). Similarly, e-commerce platforms also changed their logistic system and consequently the distribution.

Economic value: 3,1 mld

Number of employed: 141.000

6) The **Music Chain** fosters other creative threads in a very significant way: for example, the Radio, although having its own editorial content, bases most of the broadcasts on musical content; A similar discourse can be made with respect to the audiovisual industry where music is present on many occasions (e.g. a movie soundtrack, the initials of a television broadcast).

- Provision of musical instruments - Training;
- Creation - Edition;
- Record production - Interpretation and execution - Live performances;
- Digital and physical distribution;
- Fruition and Archiving

Transversely connected to these is:

- Copyright management and related rights;
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Third-party actors with interrelations in the Music Chain are:

- Creative chain (radio, cinema and television);
- Electronic power chain.

Economic value: 4,7 mld

Number of employed: 168.900

7) The **Advertising Industry Sector** provides five main steps, according to a linear logic sequence, compared to other sectors.

- Planning;
- Channel planning;
- Creation;
- Negotiation;
- Dissemination;

It may happen that the creation and planning stages of the channels are reversed. For instance, in smaller sized realities, advertisers often turn to dealers directly, even before the creative process has started; this is to secure the inventory and avoid the risk of investing resources in a campaign that can't be supported by the proper means of communication.

Economic value: 7,4 mld

Number of employed: 92.600

8) The **Newspapers and Periodicals sector** has a linear chain, but each stage involves numerous activities that are carried out by actors with different roles and professional profiles. The complexity of the industry is therefore not in the articulation of the phases but in underlying activities and interactions that are generated among all the actors involved. The stages are divided into:

- Editorial planning;
- Content Collection;
- Creation;
- Editing;
- Prepress;
- Print;
- Distribution;
- Sales;

Economic value: 4,7 mld
Number of employed: 94.000

9) The **Radio Sector** also has a linear chain, but each stage involves several activities that are performed by actors with very different roles and professional profiles. As in the newspaper and periodical sector, the complexity of the industry is not in the articulation of the phases as much as it is in the variety of activities that make up the radio product and in the interactions generated by all the actors involved.

The stages are divided into:

- Professional training;
- Format and editorial layout;
- Production;
- Dissemination;
- Economic value: 0,86 mld
- Number of employed: 7.300

10) The life cycle chain of a **Videogame** work from design to marketing involves of a variety of subjects that are summarized in the list below. It is important to point out, however, that the steps in the list below are examples: for this reason, the representation does not include some activities such as the specialized press and trade fairs that are relevant to the industry but not directly related to the process of realizing a specific video play.

- Creation of an idea;
- Development;
- Editing and promotion;
- Distribution;
- Sale by physical channel;
- Digital channel sale;

Transversely connected to these stages is:

- Outsourcing;

Economic value: 3,4 mld
Number of employed: 15.200

Projects supporting innovative professionals and businesses in the cultural and creative field

Over the last few years, some projects have been promoted in various regions of Italy to support the growing creative industries.

Some examples are:

- Incredibol! – l'Innovazione Creativa di Bologna (Bologna's Creative Innovation): it is a project promoted by the Municipality of Bologna and the Emilia-Romagna Region in order to support innovative professionals and businesses in the cultural and creative field, in particular during their start-up phase.

Incredibol! is a broad network of partners, made up of public and private businesses already working in Bologna and/ or in the Emilia-Romagna region. They all offer different services to help young creative professionals develop their business ideas.

The staff of Incredibol! offers an orientation service by appointment. The service is not aimed only at winners of Incredibol! competitions, but also at the whole network of culture and creativity specialists in Emilia-Romagna such as aspiring businesses, associations, independent professionals, start-ups...

- Rome Provincia Creativa: it is a project of the Department of "Economic Development and Promotion of the Territory" of the Metropolitan City of Rome Capital that promotes visibility of the creative industries and talents of the metropolitan area and seeks to build a network which connects institutions, businesses, professionals and artists from Rome.

The goal is to build a community of experienced creative associations, creative professions, creative training, cultural associations and groups involved in cultural production.

- Agenzia Campania Innovazione: Campania Innovazione s.p.a. - Agenzia regionale per la promozione della Ricerca e dell'Innovazione (Campania Innovation Agency: Campania Innovazione s.p.a. - Regional Agency for the Promotion of Research and Innovation), promotes and coordinates the Regional Research and Innovation System for the implementation of regional policies to support the competitiveness of Campania.

Campania Innovazione aims to fuel economic development processes based on technology transfer to SMEs by creating a stable ecosystem in the region to support innovation, research and regional competitiveness. It offers entrepreneurs and researchers access to a vast network of expertise in technology enhancement in Campania as well as information and guidance services to support the creation, development and consolidation of innovative start-ups, spin-offs and traditional SMEs.

An Overview of Entrepreneurship and Public Policies in Italy

The image which takes shape when one talks about 'creativity' is traditionally linked to the lightning of genius and intuition. Creativity is the ability to give birth to new ideas, it is an innate propensity and component of intelligence, an intrinsic factor of gifted individuals. But creativity is also synonymous with ability to respond to needs and solve problems in a smart and original way.

From these assumptions and for these purposes, a few years ago, the concepts of 'entrepreneurial creativity' and 'creative enterprise' were born. Linking these two terms that are apparently in opposition to each other (creativity-intuition, flash of genius, enterprise-organization, rationality), shows how entirely new types of professions have emerged, grown and consolidated. From personal trainer to personal shopper, designer of fair events to philosophical consultant, designer for co-housing services to wedding designer, trainer to pet companion. These new professions and businesses, arising from the need to face the emergence or focus on personal vocations, testify how people do not shy away on the backdrop of deep international economic crisis, but instead invest their energy and resources to follow their passion.

In difficult times, individuals succeed in 'producing' the most extravagant and original ideas and, thanks to their personal skills and a particular 'snout', get involved into new 'businesses'. Making business thanks to 'invented' work is possible. And often the results go well beyond expectations.

Creativity is getting more and more attention and arousing more interest from universities, public and private companies, freelancers and other institutions.

The EU Council has decided to update and strengthen cooperation between its member states in the field of creative businesses until 2020.

Data-driven support ensures that the areas of cultural and creative industries contribute significantly to the social and economic development of the EU-states. Strategic investments in these industries also enhance the image of a dynamic, creative and attractive Europe which is open to cultures and talents from all over the world. Also, one needs to consider that creative industries produce up to 4.5% of GDP and employ around 8.5 million people in the European Union.

The EU Commission has therefore devised a "Creative Strategy" aimed at increasing its efforts in the sector by allocating 1.8 billion euros for the "Creative

Europe" program (2014-2020).

Member states are urged to act at both national and regional levels to strengthen entrepreneurship by reducing administrative burdens for small businesses; integrate the European digital market by following a common approach to the protection of intellectual property rights; guarantee bank lending and support investment for cultural and creative sectors; support promotion and dissemination programs; and provide education and training funding.

Conclusion

The data presented in this report was taken from the E&Y study called "Italia Creativa".

Cultural and creative industries are like a big machine which can bring greater value to the country's economy, so it needs to be supported. Based on the information provided, one may conclude that there is still a long way to go.

Estimates made by E&Y show that today's economic value of the cultural and creative industries "are only two-thirds of the value that [these] industries could generate if it was able to exploit growth opportunities and counteract the threats they face. [...] Donato Iacovone, CEO of E&Y in Italy, said in 2015 the economic value was around 48 billion euros, the potential value reached 72 billion euros, with an unexpressed value of about 24 billion euro." Not to mention, he added that if the sector was to achieve greater value, it could create more than 500,000 additional jobs, ranging from the current 1,03 million (about 4.6% of the Italian labor force) to 1,6 million people.

The areas identified by Italia Creativa and the associations that provided data to carry out the study think that the regulatory initiatives should be aimed at strengthening dialogue with both Italian and European institutions to meet the demands of industry operators. The regulation could also intervene to fill any gaps. It could also help raise awareness about possible fiscal and training activities (tax credit, VAT, tax breaks, patent box extension, Miur's involvement with training needs and technology solutions against piracy). And, finally, there needs to be more focus on internationalization, activating new synergies with the cultural institutions and the Chambers of Commerce.

As Dario Franceschini said, "the main job is to expand cultural consumption."

(Among the initiatives of the minister one can remember the free admission to many museums in the country on the first Sunday of the month, the 18-student card and "Wednesday at the cinema for 2 euros"). Franceschini went on to underline that "the educational, pedagogical factor [is what matters]; if you go to the cinema then you read a book, if you go to the museum then you go to the theater; what you do in [this] field helps the rest."

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