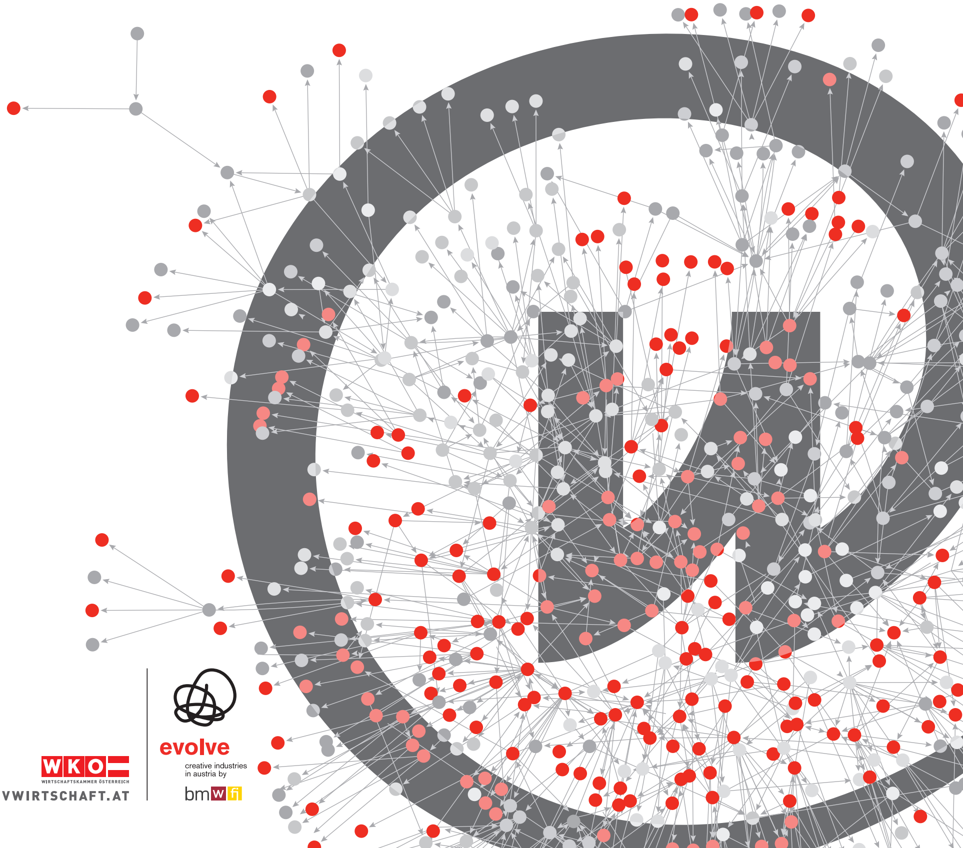
FOURTH AUSTRIAN REPORT ON CREATIVE INDUSTRIES

Abridged Version

Focus on the Creative Industries and Value added chains



CREATIVWIRTSCHAFT.AT
WKO WIRTSCHAFTSKAMMER ÖSTERREICH
evolve
creative industries in austria by
bmwfi

Owner and editor
creativ wirtschaft austria, Austrian Federal Economic Chamber

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The present study was conducted on behalf of creativ wirtschaft austria with the support of the Austrian Federal Ministry for Economy, Family and Youth within the framework of "evolve", Austria's Initiative to Support Innovation in the Creative Industries.

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FOURTH AUSTRIAN REPORT ON CREATIVE INDUSTRIES

Abridged Version

Focus on the Creative Industries and Value added chains

DOWNLOAD
The full version of the Fourth Austrian Report on Creative Industries may be downloaded at www.creativwirtschaft.at.

"Ideas won't keep;
something must
be done about them."

Alfred N. Whitehead

The significance of the creative industries is on the increase. The sector is growing with extraordinary power and sparkling with remarkable dynamics regarding start-ups and employment, as the book you are holding, the Fourth Austrian Report on Creative Industries, shows. Our enterprises' brillant export performance is something we can be proud of, while at the same time creative enterprises have just as many clients and cooperations on the local and regional level.

The creative industries have shining charisma that inspires other sectors of the industry, providing important impulses. They make innovations saleable. Without good design, professional advertisement and appropriate software, a technological innovation will hardly stand a chance on today's markets. Therefore, the creative industries help to augment the entire Austrian economy's potential for the creation of value.

The Federal Ministry of Economy promotes the sector's dynamic development via our support program called "evolve". By enhancing the creative industries' competitive and innovative capacity, we make Austria all the more attractive as a location for business and industry. Thus, "evolve" is a crucial tool of our modern policy of innovations.

Reinhold Mitterlehner
Austrian Federal Minister of Economy, Family and Youth

"The man with
a new idea is a crank
until the idea succeeds."

Mark Twain

It has been seven years since the first programs for promoting the creative industries in Austria were launched. As of 2010, the creative sector is finally becoming an asset as a future market all over Europe as well, as the European Commission has published a Green Paper on unlocking the potential of cultural and creative industries, thereby initiating discussions on a broad European level. In 2011, a European Creative Industries Alliance is about to follow, which is going to intensify the member states' cooperation and to pave the way for the creative industries to be included in the program, with a special focus on research and innovations.

I am delighted to see that Austria has vital, highly developed creative industries, which will contribute a considerable share to placing Europe in a new position in the world. Our continent's cultural variety and brillant ideas can only be transformed into competitive edge, if we avoid hiding them in our drawers. The creative industries are a transmission belt for the entire economy. They create new business models, products, jobs and services, always on the pulse of the times.

Seven years ago, it was just a notion; now we know for sure: strong creative industries are indispensable for any location that claims to be a center of innovations.

Christoph Leitl
President of the Austrian Federal Economic Chamber

> "Instead of moaning about the decline of the old industries, we should try to develop some new ones."
>
> John Naisbitt

"Construction site: entrance permitted." This is what best describes our current situation. Every week there are new innovations on the market. Work, communication, mobility: everything is constantly changing. There is a lot to be tried out and grasped.

Our society and economy are challenged to develop new forms of organisation. In the creative industries, many of them have already been made real, as the present Fourth Austrian Report on Creative Industries clearly indicates. Four out of five creative enterprises in Austria build associations, working in groups of companies and self-employed entrepreneurs. This facilitates the processing of assignments, mutual inspiration and competence.

The figures are all the more surprising because they shatter the common prejudice that creative enterprises are of negligible size. Working in flexible and still stable groups of companies and self-employed entrepreneurs is what gives creative people strength – so much strength that by now almost every second creative enterprise has clients and customers beyond the borders of Austria. The majority of these customers are enterprises themselves, i.e. business customers.

The creative industries are larger than expected. They represent a vanguard for new value-added chains and novel forms of occupation, both locally and internationally.

Time to modify that sign at our construction site:
"Construction site: entrance permitted. Please join in."

Gertraud Leimüller
President of creativ wirtschaft austria

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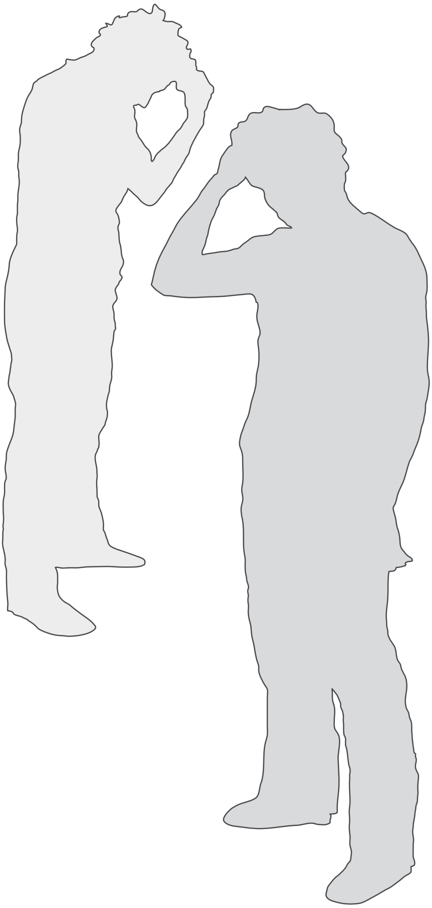
... AND HOW MUCH DO YOU KNOW ABOUT
AUSTRIA'S CREATIVE INDUSTRIES?

FOURTH AUSTRIAN REPORT ON CREATIVE INDUSTRIES



Tania Marcadella, illustrator
www.taniamarcadella.com

Apples and pears – on the methods

Sorting their merchandise is comparatively easy for fruit dealers: an apple is an apple, and a pear is a pear. So much is clear. The creative industries can be compared to a huge fruit basket that contains not only different fruits including unfamiliar varieties from afar but also newly cultivated varieties which do not even have a name yet. The task of creating some order in this basket definitely requires more than two hands.

The above is a good way of roughly describing the challenging task of conducting a study on creative industries. The 22 hands and eleven heads of the scientists of the KMU Forschung Austria (the Austrian Institute for SME Research), the Centre for European Economic Research (ZEW) and Joanneum Research were indeed confronted with a considerable amount of sorting work. In order to be able to deal with the vast and partly unexplored field of the creative industries in a comprehensive way, the authors of the present study applied different methods. Basic data, such as definitions, were collected by researching existing literature, while structural data and balance sheet data were acquired from databases provided by Statistics Austria, the Austrian Federal Economic Chamber, the KMU Forschung Austria, and others. Interviews with Austrian creative entrepreneurs were conducted via telephone, online, or in the form of qualitative interviews.

Comprehensive economic data is not yet available in the field of the creative industries. In some areas, it is virtually unchartered territory the present study has entered. In order to make sure that this study is as up-to-date and as comprehensive as possible, in their combination of different methods and especially in their interview methods, the authors chose to consider the most recent results of national and international research into creative industries.

Ursula Windis
textile printing & corporate fashion
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... THEY ARE THE PEOPLE WHO DESIGN FASHION, AREN'T THEY?

All commercial enterprises that create, produce, and distribute

CREATIVE GOODS,

and that CREATE and provide CREATIVE SERVICES belong to the CREATIVE INDUSTRIES.

One in ten Austrian enterprises is part of the creative industries – and this figure is on the increase.

… they are the people who design fashion, aren't they?

All commercial enterprises that create, produce, and distribute creative goods, and that create and provide creative services belong to the creative industries. One in ten Austrian enterprises is part of the creative industries – and this figure is on the increase.

The economic significance of the creative industries is ever growing – and with it, the awareness of this significance. An increasing number of studies deal with this topic, and political decision makers have come to understand its relevance. Creative enterprises constitute an important field of growth in a modern, knowledge-based society. In Austria, the increase in the number of employees in the creative industries between 2001 and 2006 was higher than that in the overall economy.

The European Commission is among those who set their focuses on the creative industries and on answering the question of how it will be possible to exploit resources, knowledge, and creative potential in the future in order to promote innovation and, thus, safeguard the wealth of our continent. So far, the way in which the creative industries are defined has been constantly changing, filling whole books and making international comparisons difficult or even impossible due to diverging definitions of terms. In the meantime, however, European Economic Statistics including, of course, Austrian Economic Statistics, have been modified, which makes it necessary to adjust the Austrian definition of creative industries.

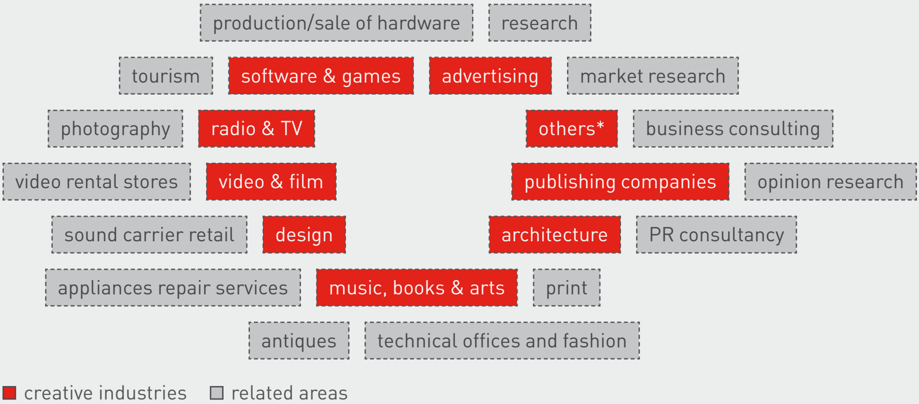
Austria's creative industries may be subdivided into the following nine areas:

- architecture
- design
- music, books & arts
- radio & TV
- software & games
- publishing companies
- video & film
- advertising
- libraries and museums as well as botanical and zoological gardens[1]

As a general guideline, it can be said that this branch includes enterprises which are engaged in the creation, production and (media) distribution of creative and cultural goods as well as in the provision of creative and cultural services, said goods and services having an economic value.

1 This area was not considered in the interviews because only a small share of the enterprises in this area belong to the private sector.

Chart 1. Delimitation of the creative industries and related areas



* includes libraries and museums as well as botanical and zoological gardens.
Sources: KMU FORSCHUNG AUSTRIA. – Vierter Österreichischer Kreativwirtschaftsbericht (complete version).

The creative class in the lead

Researchers in the United States claim that with the increasing acceptance and the increasing need of creativity, the Creative Class is growing as well. In the United States, the Creative Class is already said to cover a share of about one third of the working population, which would make it the ruling class of society.

Even if we apply the above strict definition according to the new classification of economic activities, the number of enterprises and employees in Austria's creative industries increased by more than ten percent between 2004 and 2008, while the turnover increased by as much as 25 percent. In the year 2008, one in ten enterprises in Austria belonged to the creative industries. More than 127,000 people (including self-employed persons) worked in the approximately 36,100 creative enterprises, 92,400 of which were gainfully employed.

Chart 2. Development of the creative industries, 2004 – 2008 (Index: 2004 = 100)

Note: due to the change of the classification of economic activities (ÖNACE 2003 was changed into ÖNACE 2008), only those sectors of the creative industries which can be compared throughout the different years were considered.
Sources: KMU FORSCHUNG AUSTRIA. – Statistics Austria.

... THEY ARE COMPLETELY INSIGNIFICANT
FOR THE OVERALL ECONOMY, AREN'T THEY?

AUSTRIA'S CREATIVE INDUSTRIES

produce a turnover which is as large as that of tourism, their exports are STRONG, and they are IMPORTANT SUPPLIERS for other sectors.

nonconforma
architektur vor ort,
architects
www.nonconform.at

photo: Manfred Klimek

… they are completely insignificant for the overall economy, aren't they?

Austria's creative industries produce a turnover which is as large as that of tourism, their exports are strong, and they are important suppliers for other sectors.

According to recent studies, the statement "Austria is a country of tourism" may well be amended by "Austria is a country of creative industries" – at least when overall revenues are considered. The creative industries clearly emerge as the winners from the comparison of tourism and creative industries. In 2008, the 36,000 creative enterprises recorded a turnover of EUR 18.5 billion, i.e. 2.6 percent of the overall economic turnover. The turnover in the area of the tourist accommodation and food service industries amounts to a share of 2.0 percent.

Table 1. Structure of the creative industries (2008)

	2008	share in the overall economy[1] in percent
enterprises	36,093	10.0
staff (including self-employed persons)	127,041	4.0
gainfully employed persons	92,425	3.2
revenues in EUR million	18,495	2.6
gross value added at factor cost in EUR million	7,198	3.5

[1] excl. of agriculture and forestry (more specifically of sections B to S of ÖNACE 2008).
Sources: KMU FORSCHUNG AUSTRIA. – Statistics Austria.

When the gross value added is considered, the creative industries account for 3.5 percent, and this share surmounts that of tourism by 0.2 percent. (In fairness, this figure, however, has to be put into perspective: While one in ten Austrian companies belongs to the creative industries, one in eight belongs to the tourist accommodation and food service industry. The number of employees in this area accounts for 8.1 percent, this share being twice as high as that of the creative industries.) The figures concerning turnover and value added of civil engineering in Austria are only slightly higher than those for the creative industries. In 2008, this sector accounted for 2.9 percent of the overall economic turnover and for 3.6 percent of the gross value added.

Table 2. The economic significance of selected sectors in percent (2008)

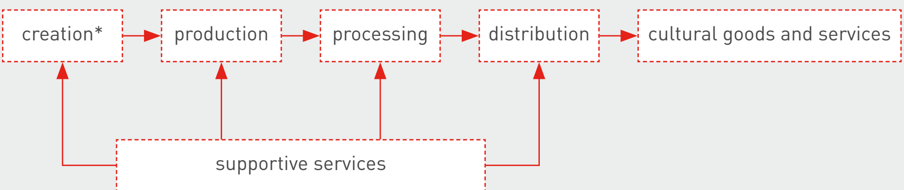
	enterprises	employees (including self-employed persons)	revenues	gross value added at factor cost
creative industries	10.0	4.0	2.6	3.5
tourist accommodation and food service industry	12.4	8.1	2.0	3.3
vehicle industry	2.5	2.4	3.7	1.7
civil engineering	1.4	3.1	2.9	3.6
production of staple and luxury food, beverages, and tobacco products	1.0	2.1	1.9	1.6
mechanical engineering	0.4	2.3	2.7	3.0

[1] excl. of agriculture and forestry (more specifically of sections B to S of ÖNACE 2008).
Sources: KMU FORSCHUNG AUSTRIA. – Statistics Austria.

The invisible becomes visible

The achievements of the creative industries for the overall economy are hardly appreciated. While the value chain of the production of goods can be clearly depicted by the individual steps of extracting resources, producing primary and intermediate products, and manufacturing/assembling them, the mainly immaterial services provided by the creative industries cannot be outlined that easily. Or can they? We can draw on the simple example of chocolate for making the significance of creative industries visible: creative industries are responsible for the lilac cow on the lilac packaging, for the design of the showroom, i.e. of the supermarket, in which the chocolate is sold, for the software which makes sure that there is a sufficient supply of sweets, and for the software which enables customers to pay electronically.

Chart 3. Value chain of the creative industries



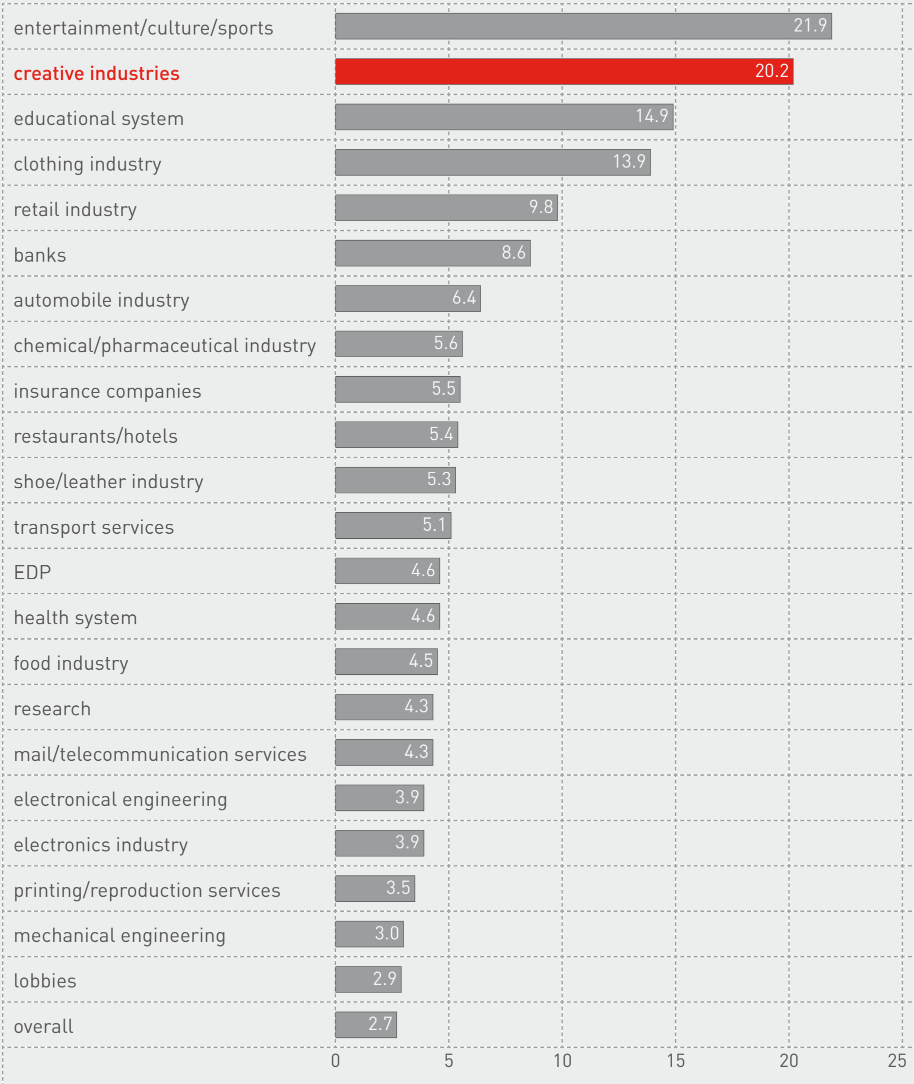
* the creative act (Commission of Inquiry 2007).
Sources: Statistics Canada 2004. – Commission of Inquiry 2007.

Creative supplier services with a value of EUR 6.5 billion

68 percent of the customers of creative professionals are companies, while only 30 percent are private customers. The primary services provided by the creative industries enable the purchasing companies to make their products more attractive, to promote their marketing, and to improve their business processes. The volume of such "supplier services" for other sectors amounts to EUR 6.5 billion, which is a share of 3.8 percent of the overall primary services of Austria's national economy. The employment multiplier is 1.47; for every 100 employees in the creative industries, there are 47 additional jobs in the Austrian primary services sectors. This means that the creative industries induce the creation of about 60,000 jobs altogether.

Most primary services (22 percent) are provided in the field of entertainment, sports, and culture. The creative industries themselves purchase 20 percent of the domestic primary services they use from creative enterprises – for example as partners in cooperations of creative professionals but mainly in the form of the joint provision of creative services within business partnerships. 15 percent of the primary services are purchased by the educational system, and these services are mainly provided by publishing companies, the area of software & games, and architects.

Chart 4. The creative industries as suppliers for 22 sectors, given in percent



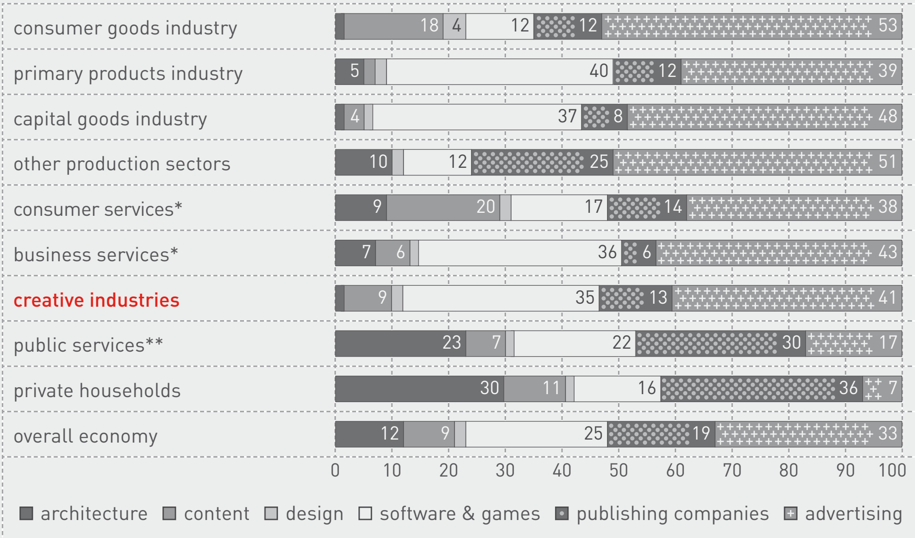
Sources: ZEW survey of enterprises of Austria's creative industries conducted in May/June 2010. – Statistics Austria: input-output tables, 2006. – Calculations and estimations of the ZEW.

Creative suppliers for numerous sectors

The term "primary services" is only meant to encompass the purchase of services. Ideas or proposals of creative professionals, which trigger innovations on behalf of their customers, open new markets or create growth opportunities, are not taken into account. It can be assumed that the real significance of this aspect is underestimated, especially in the content field, which encompasses the areas of music, books & arts, radio & TV, and video & film.

Advertising is the most significant of the areas providing creative input (33 percent share of domestic turnover), followed by the area of software & games (25 percent).

Chart 5. The individual sectors of the creative industries and their main customers in percent



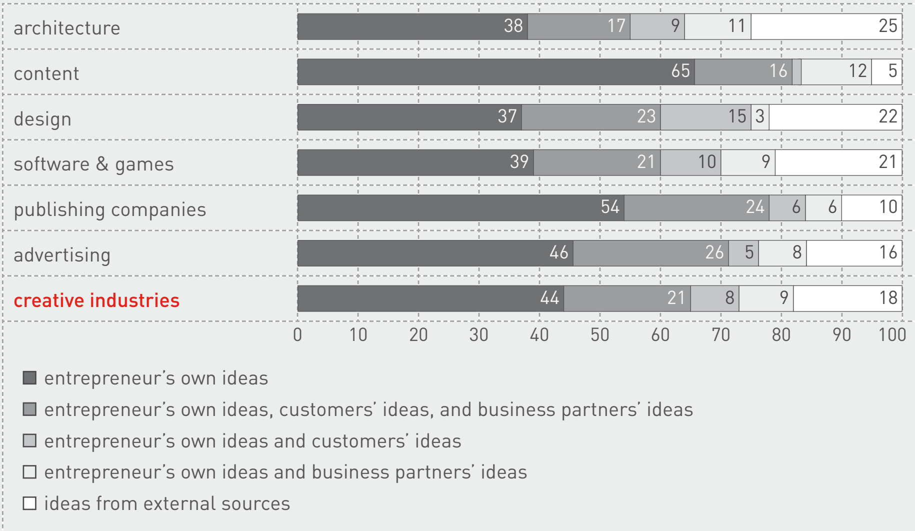
Share of the individual creative sectors in the overall volume of primary services purchased from the creative industries according to the individual customer sectors (domestic and foreign customers).
* excl. of the sectors belonging to the creative industries. – ** including lobbies.
Sources: ZEW survey of enterprises of Austria's creative industries conducted in May/June 2010. – Statistics Austria: input-output tables, 2006. – Calculations and estimations of the ZEW.

The creative development of products

The development of suitable products always constitutes a challenge for the creative industries, regardless of the economic situation. Three in five creative enterprises launch new offers within a period of three years. This high rate of innovation requires a high degree of specialisation and very specific market, or niche offers. As a result, 84 percent of the creative professionals create products which are specifically tailored to their customers; this holds especially true for architects, designers, and advertisers. 80 percent of the enterprises cooperate with customers directly, one third of which even provide their services at the customers' own business locations.

44 percent of the ideas of creative professionals originate within their own enterprises, 21 percent consider their own ideas and those of the customers equally important, while in 18 percent of the cases the customers provide more impulses than the creative professionals themselves. The customers' ideas are most important in the areas of software & games, design, and advertising.

Chart 6. Various sources of new business ideas, given in percent



Note: share of enterprises in percent for which the respective source(s) of new business ideas is/are most significant. Explanation: For 15 % of the designers, their own ideas and their customers' ideas are equally important.
Source: ZEW survey of enterprises of Austria's creative industries conducted in May/June 2010.

Creative intensity and R&D

Does letting creative professionals do their work reduce the need for researching activities? Yes and no. On the one hand, many sectors with a high creative intensity, i.e. with a high amount of primary services purchased from the creative industries, spend rather low sums on research and development (R&D); this holds true for the clothing industry, EDP, the printing industry, the food industry, banks and insurance companies as well as hotels and restaurants, for example, and it is due to the fact that creative enterprises provide the preliminary work in terms of product design, information technology, new marketing concepts, and the like. On the other hand, the creative intensity is above average in most industrial sectors with high research intensity. Whether primary services are purchased or not is highly dependent on factors like the importance of marketing, the aesthetic appearance of products and enterprises, or the technological production process, i.e. the software provided by the creative industries. What is sure is that creative intensity constitutes a factor of its own which is independent from research intensity.

Tatjana Zinner, art entrepreneur
www.dukunstamoi.at

... THEY ARE ALL LONE FIGHTERS, AREN'T THEY?

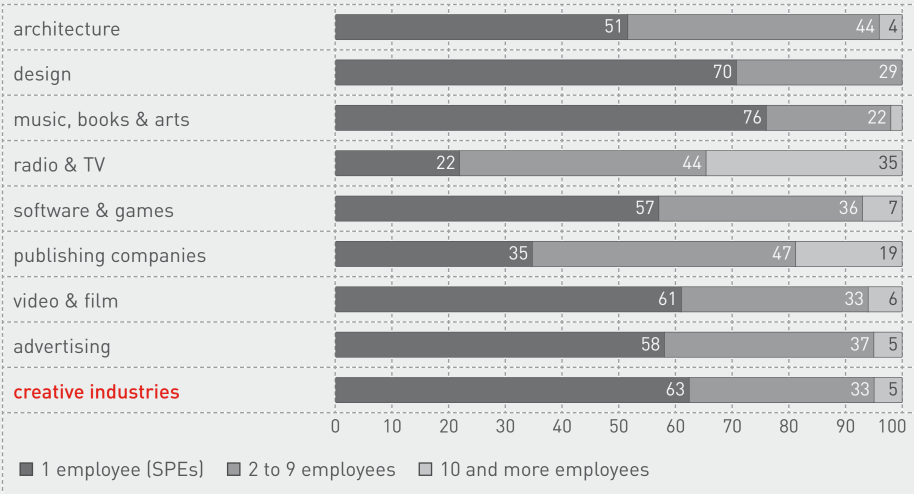
ENTERPRISES that belong to the **CREATIVE INDUSTRIES** are comparatively smaller; their number of **COOPERATIONS** with business partners, however, is above average.

… they are all lone fighters, aren't they?

Enterprises that belong to the creative industries are comparatively smaller; their number of cooperations with business partners, however, is above average.

The prevalence of single-person enterprises (SPEs) indeed constitutes a characteristic of the creative industries – in 63 out of 100 creative enterprises, only one person is "employed" (compared to 37 percent of the enterprises in the overall economy). Most of the "lone fighters" can be found in the area of music, books & arts (76 percent), followed by design (70 percent), and video & film (61 percent). There is a completely different situation in the area of radio & TV, where the share of SPEs amounts to 22 percent only. One out of three creative companies has more than ten employees.

Chart 7. The size of enterprises in the creative industries in percent of enterprises (2008)

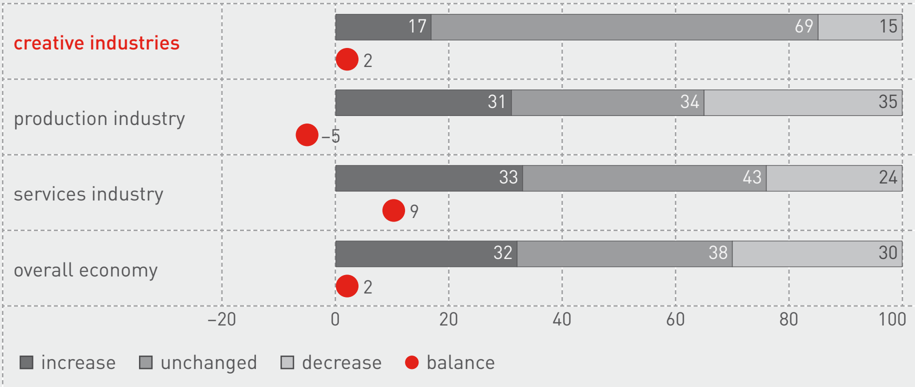


Sources: KMU FORSCHUNG AUSTRIA. – Statistics Austria.

In general, it can be said that, with 3.5 employees on average, creative enterprises are smaller than the average enterprise of the overall economy, which has nine employees. Eight in ten creative enterprises are family enterprises in which the power to make decisions resides in the founder or family members. The head of one in four creative enterprises is a woman. Enterprises with a large number of employees tend to be headed by men.

In 2008, more than 127,000 people were employed in the 36,000 enterprises of Austria's creative industries. The economic crisis in 2009 did not affect creative professionals to the same extent as it affected the production sector, where many people had to be dismissed. In 2009/2010, 69 percent of the companies were able to keep the number of their employees constant, 15 percent had to reduce it, while 17 percent hired new employees. Between 2005 and 2009, personnel costs in the creative industries increased to the same extent as the operating income did. For the period to come, the majority of creative enterprises (77 percent) plan not to change their employee counts.

Chart 8. Number of employees in the creative industries compared to other sectors, in percent of enterprises (2010)



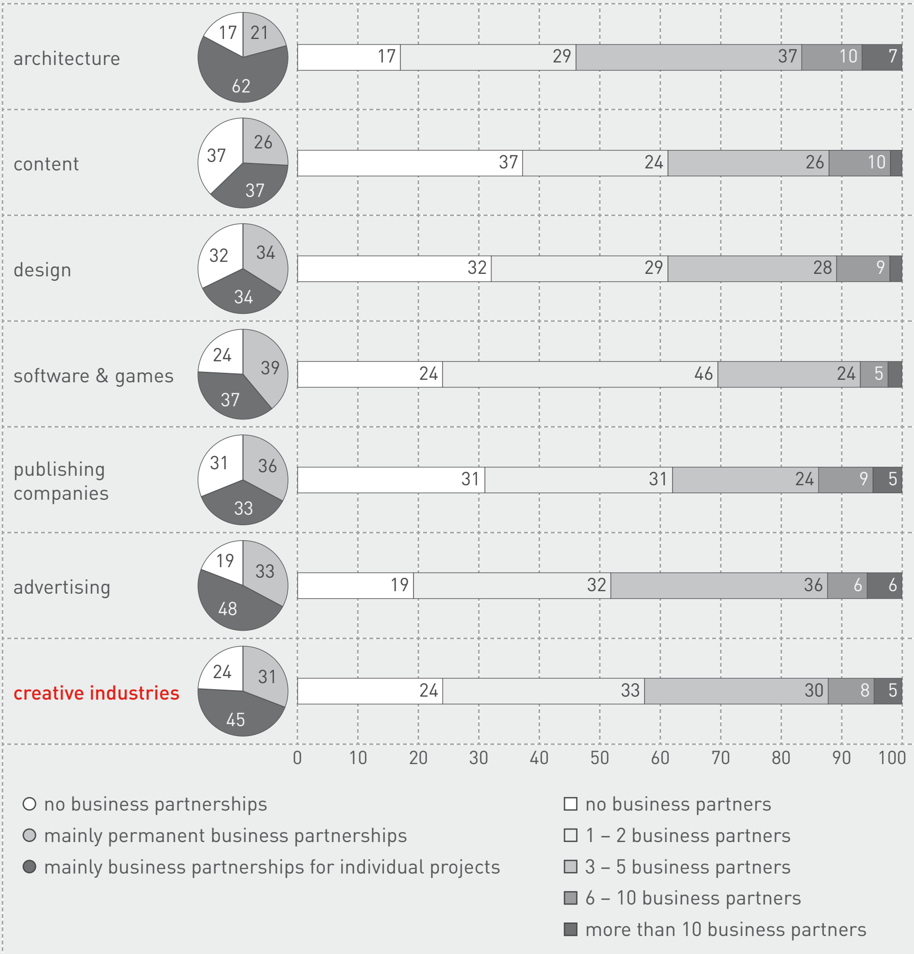
Balance: share of enterprises which experienced increases in the number of employees less the share of enterprises which experienced decreases.
Sources: KMU FORSCHUNG AUSTRIA. – Austrian Federal Economic Chamber.

What would they do without business partners?

Even though the creative industries are at the lower ranks regarding the intensity of employment, it would be wrong to refer to creative professionals as lone fighters. About three quarters of the enterprises cooperate with business partners on a permanent basis (31 percent) or in individual projects (45 percent). Most enterprises have a maximum of five business partners, and 44 percent have not more than one or two. The average time spent on one project amounts to 7.5 months. There are considerable differences, though: designers, on average, spend 2.5 months on a project, while architects take as much as an entire year.

The average share of the turnover of the six sectors of Austria's creative industries generated by projects and services provided within business partnerships amounts to 21 percent. If we consider only those creative enterprises that provide services in cooperation with business partners, the share of the turnover generated in the framework of such business partnerships amounts to 28 percent in the creative industries. Business partners also play an important role in business development and especially in providing new ideas.

Chart 9. Cooperation with business partners



Note: share of enterprises with business partners in percent. Data projected onto the population of the survey.
Source: ZEW survey of enterprises of Austria's creative industries conducted in May/June 2010.

Most business partners are creative professionals from other enterprises, about half of them are SPEs, while two thirds are enterprises with at least two employees; public institutions and associations, however, are less relevant in this connection. Creative professionals often cooperate with enterprises of the creative industries (62 percent), with the area to which business partners of the creative industries most frequently belong being software & games, followed by advertising, publishing companies, design, and content. Business partners from the creative industries often belong to the same creative sector.

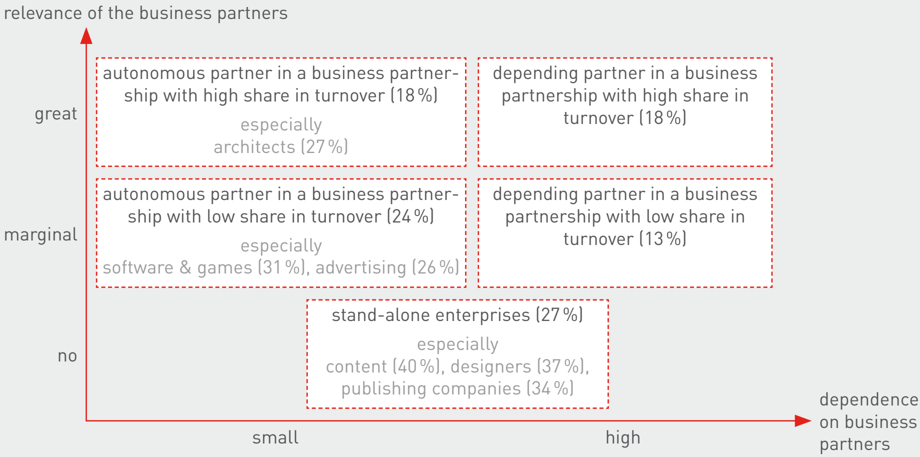
Only five percent of all architects have business partners from the creative industries, alliances with partners from other sectors being all the more common. Most of the business partners who do not belong to the creative industries are in the construction industry and the utility industry (energy/water/disposal, 23 percent), the sector of information/communication/printing (16 percent), or technical offices (16 percent).

Only 15 percent of the business partners are situated at the same location as the enterprises themselves, most of them being reachable in a 30-minute drive. Especially designers, advertisers, and architects consider proximity important, while the proximity of business partners does not play a very essential role in the area of software & games and in publishing companies. In spite of the small distance, personal meetings take place rather infrequently: about one in three creative entrepreneurs meets their business partners only once a month, 29 percent – mainly in the publishing industry – even less frequently. One third state that personal meetings take place once a week; with architects, however, this holds true for even 43 percent.

Beware of too much dependency!

Business partnerships have their advantages, but they also have drawbacks. The use of common resources may be beneficial for business, but may, on the other hand, also constitute a loss of independence for an enterprise and diminish its own position on the market. A reasonable combination of attracting customers oneself and cooperating with business partners is ideal for business success.

Chart 10. Complex business partnerships



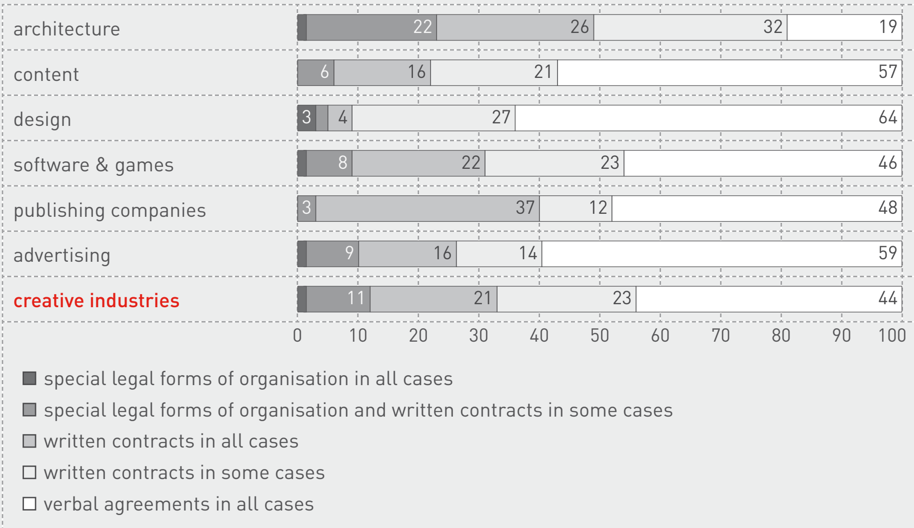
Note: data projected onto the population of the survey.
Source: ZEW survey of enterprises of Austria's creative industries conducted in May/June 2010.

An interesting trend has become apparent in this connection: the higher the turnover an enterprise has generated via business partnerships, the more unfavourable its business development turns out. On the other hand, enterprises to which customers are often referred via business partnerships and those who use common umbrella brands, grow faster. Brands or other forms of common presentation to customers (such as labels) are used by 19 percent of all creative professionals, especially by SPEs and those who are active in the areas of content, advertising, and software & games.

Trust in verbal agreements is more important than written contracts

In the creative industries, being true to one's word is considered very important. 39 percent of Austria's creative entrepreneurs, especially designers and content professionals, rely on verbal agreements when cooperating with their business partners. 25 percent prefer written contracts; this applies for as much as 34 percent of the architects. It has become apparent, by the way, that enterprises that base their cooperation on written contracts grow faster. Even though being able to trust in verbal agreements is valuable, written contracts provide more security.

Chart 11. The legal basis of cooperations with business partners



Share (in percent) of enterprises organising their business partnerships in the respective way. Data projected onto the population of the survey.
Explanation: 22 % of architects, in some cases, organise their business partnerships by cooperating in special legal forms of organisation and by means of written contracts.
Source: ZEW survey of enterprises of Austria's creative industries conducted in May/June 2010.

Christoph Lepka
commercial artist & designer
www.christophlepka.at

... THEIR WORK DOES NOT EARN
THEM ANY MONEY, DOES IT?

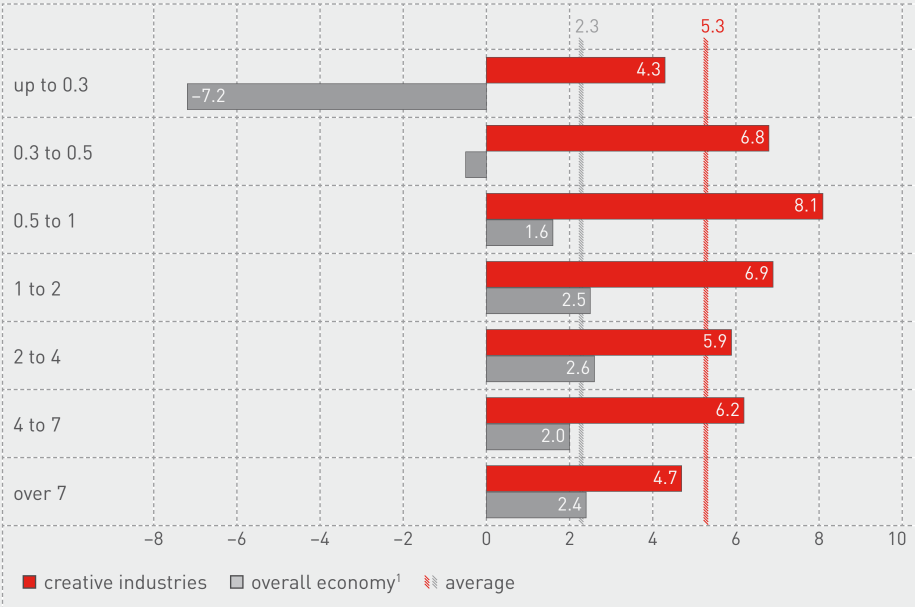
The CREATIVE INDUSTRIES are economically MORE SUCCESSFUL than the OVERALL ECONOMY.

… their work does not earn them any money, does it?

The creative industries are economically more successful than the overall economy.

The turnover of Austria's creative enterprises, amounting to EUR 18.5 billion in 2008, was higher than that of the enterprises of the overall economy. In the balance year of 2008/09, EUR 5.30 of a turnover of EUR 100 were pure profit, while the profit amounted to only EUR 2.30 in the overall economy – the return on sales, thus, amounted to 5.3 percent in the creative industries compared to 2.3 percent in the overall economy. The areas of architecture and music, books & arts generated more than the average return on sales. Only the area of video & film suffered slight losses. The high return on sales is especially due to the creative industries' cost structure, which is marked by low expenditure for material and higher staff expenses.

Chart 12. Return on sales in the creative industries and in the overall economy[1] in EUR million (2008/2009)



[1] excl. of real estate management and holdings.
Source: KMU FORSCHUNG AUSTRIA, balance data base.

Creative professionals who account on a cash basis (i.e. enterprises which are not legally obliged to draw up a balance and which constitute a vast majority among Austria's creative enterprises) have a similar cost structure as enterprises of the overall economy that account on a cash basis; however, these creative professionals have recently managed to achieve better results regarding their return on sales: the result before tax in 2008 amounted to nine percent of the operational income in the creative industries, compared to five percent in the overall economy. In the case of SPEs who draw up a balance and have an operating income of up to EUR 1 million, it was striking that while the return on sales in the overall economy was negative by 13.3 percent, the creative industries achieved a plus of 7.4 percent. Irrespective of the company size, 70 percent of the enterprises of the creative industries that drew up a balance in 2008 were able to break even, compared to 55 percent in the overall economy.

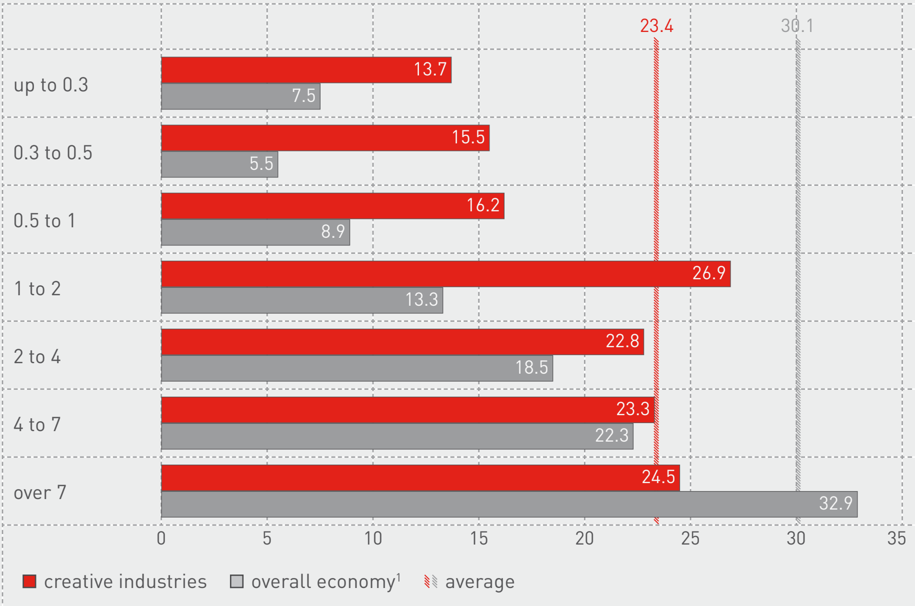
Inverse asset situation

In the creative industries, typically, current assets rather than fixed assets prevail. The share of tangible assets amounts to 37.5 percent, compared to 51.6 percent in the overall economy. As far as current assets are concerned, the relationship is 61.4 percent in the creative industries to 47.8 percent in the overall economy. Loan capital in the creative industries usually is short-term loan capital (58 percent, compared to 49 percent in the overall economy) – for example in the form of overdraft or trade credits. This could be due to the fact that it is more difficult for creative enterprises to obtain bank loans, which is why they are forced to use the more expensive short-term types of loans. This is not merely an Austrian phenomenon: difficult access to different types of financing can also be observed in a number of creative industries throughout Europe. Additionally, there is often a lack of knowledge about various ways of funding or even of strategic management. This, in turn, creates barriers to the growth of some creative enterprises, or makes creative enterprises less attractive for investors.

More equity

As far as the creative industries' equity base is concerned, we have to take a closer look: at an average rate of 23.4 percent it is lower than that of the overall economy by almost seven percent. In creative enterprises with a turnover of less than EUR 7 million, however, the equity base is consistently better than in the overall economy. The recommended minimum equity base of 20 percent is only reached in creative enterprises with a turnover of EUR 1 million and more, while enterprises of the overall economy, on average, achieve this figure when having a turnover of EUR 4 million and more. Generally, the equity base is raised with an increase in turnover, both in the creative industries and in the overall economy. Among the creative industries, the equity base is highest in publishing companies (26.2 percent), advertising (25.4 percent), and in the area of software & games (24.9 percent), and lowest in the areas of design (10.3 percent) and music, books & arts (14 percent).

Chart 13. Equity ratio in the creative industries and in the overall economy[1] according to turnover volumes in EUR million (2008/2009)



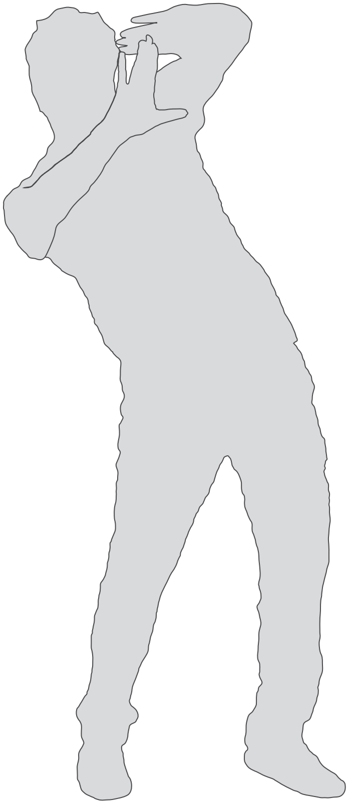
[1] excl. of real estate management and holdings.
Source: KMU FORSCHUNG AUSTRIA, balance data base.

Less debt

The share of positive equity is higher in the creative industries – 71.7 percent compared to 65.5 percent in the overall economy in the period of 2008/09. This means that creative enterprises tend to be less indebted and incur losses less frequently (18 percent) than enterprises of the overall economy (21 percent). One in five enterprises in the creative industries has an equity ratio of 20 percent and a return on sales of more than four percent, while in the overall economy only 17 percent of all enterprises achieve these figures. This means that the situation of Austria's creative enterprises is better than that of the overall economy.

Less investment

Among other things, the investment activity of an enterprise depends on the cash flow it generates, i.e. the net inflow of liquid assets. In 2008/09, the cash flow in the creative industries amounted to eleven percent of the companies' operating income, compared to seven percent in the overall economy. The smaller the enterprises, the higher the cash flow. Creative enterprises with a turnover of up to EUR 300,000 have a cash flow of twelve percent of their operating income, while the overall economy achieved three percent. Nevertheless, creative professionals invest less. Entrepreneurs of the overall economy with a turnover of up to EUR 300,000 spent ten percent on investments, those with a turnover of more than EUR 7 million spent five percent. Creative enterprises with a turnover of up to EUR 300,000 invested nine percent, those with a turnover of more than EUR 7 million invested two percent.



Severin Wurnig, photographer
www.wurnig-foto.com

... EXTERNAL CIRCUMSTANCES FORCE
THEM TO BECOME SELF-EMPLOYED, RIGHT?

CREATIVE ENTREPRENEURS

are self-employed because they

WANT TO BE SELF-EMPLOYED –

so they can achieve their goals.

... external circumstances force them to become self-employed, right?

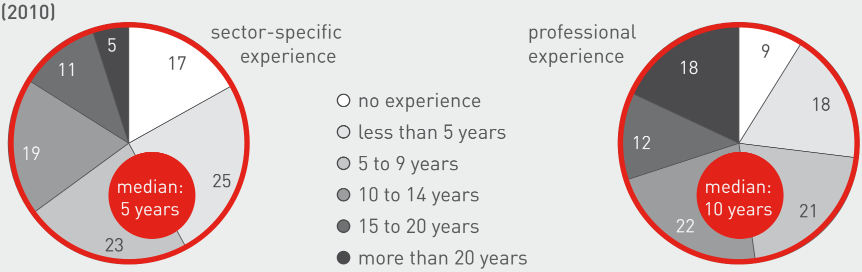
Creative entrepreneurs are self-employed because they want to be self-employed – so they can achieve their goals.

It is often said that creative professionals fight from one project to the next to make ends meet, that they write and write until their fingers hurt, and that they would prefer being employed by a company. This is simply not true. Creative professionals have intrinsic reasons to become self-employed, i.e. it is a decision based on their own intentions: three quarters have established an enterprise because they wanted to work independently, approximately 50 percent want to be able to implement their creative potential, and again 50 percent appreciate flexibility and independence. For women, being able to reconcile family and profession more easily constitutes a reason to become self-employed more often than for men. The general level of education is extremely high in the creative industries: 34 percent of Austria's creative professionals have a university degree. In the European creative industries, the share of university graduates amounts to as much as 47 percent – compared to 36 percent in the overall economy.

Almost three quarters used to be gainfully employed

Before becoming self-employed, 70 percent of the creative professionals were employed in a company, half of them had an executive position. 13 percent established their own enterprise right after training, eleven percent are "serial entrepreneurs", i.e. they had already established another company before their current enterprise. Nine percent of all entrepreneurs did not have any professional experience when they established their company, 17 percent did not have any sector-specific experience. A shorter duration of education and training is usually compensated by a higher level of professional experience, with university graduates having the lowest extent of professional experience. On average and creative professionals of either sex have had ten years of professional experience when they established their own enterprises – the periods of professional experience being somewhat longer in the areas of publishing companies and advertising and comparatively shorter in the areas of design and video & film.

Chart 14. Professional and sector-specific experience at the time of the establishment of an enterprise (2010)



Source: KMU FORSCHUNG AUSTRIA.

Three quarters of the full-time entrepreneurs in the creative industries work 40 hours or longer a week, 16 percent work 30 to 40 hours, and about nine percent work less than 30 hours. For 80 percent, their self-employed activity is their full-time profession, for 20 percent it is a part-time profession. 38 percent of the part-time creative professionals work less than ten hours, 30 percent work between ten and 20 hours, and 13 percent work between 20 and 30 hours a week. In addition to their part-time enterprises, 61 percent are gainfully employed, 15 percent pursue another self-employed activity, ten percent are still in training/education, and six percent spend the rest of their time for child care.

More than half of the creative professionals are very or rather satisfied with their incomes, regardless of their working hours and of whether they work in their enterprises full or part time. Women are less satisfied. The share of those who are less satisfied with their incomes decreases with the size of the enterprise. The bigger the enterprise, the higher the creative professional's satisfaction with his or her income. Creative professionals whose highest form of education is compulsory school, a vocational school or an apprenticeship are satisfied with their incomes more often than graduates from higher secondary schools or universities.

Economic situation judged more negatively than it really was

On average, the turnover in the creative industries increased in 2009/2010. In 37 percent of the enterprises, turnover increased, while it remained constant in 30 percent and decreased in 33 percent. An increase in turnover was achieved especially in the areas of advertising, software & games and video & film, while the areas of music, books & arts and design as well as the publishing companies recorded decreases. Creative professionals rated the general economic climate of the preceding twelve months more negatively than the actual order-and-turnover situation would have justified. For the upcoming twelve months, the creative professionals expect the economic climate to improve.

Table 3. Economic situation in the preceding year and economic trend of the upcoming year on the basis of the balances

	preceding 12 months		upcoming 12 months	
	creative industries	overall economy	creative industries	overall economy
economic climate	–26	–17	11	11
order situation	2	–7	17	24
revenues	4	2	21	41
employees	2	2	8	8

Balance: share of enterprises experiencing improvements/increases less the share of enterprises experiencing deterioration/decreases. – Sources: KMU FORSCHUNG AUSTRIA. – Austrian Federal Economic Chamber. Survey in June 2010.

... THEY DEPEND ON LARGER
COMPANIES, DON'T THEY?

CREATIVE INDUSTRIES

have a broad customer structure, NEW CUSTOMERS are most often REFERRED to them by others.

Herbert Götz, carpenter
herbert.goetz@gmx.at

... they depend on larger companies, don't they?

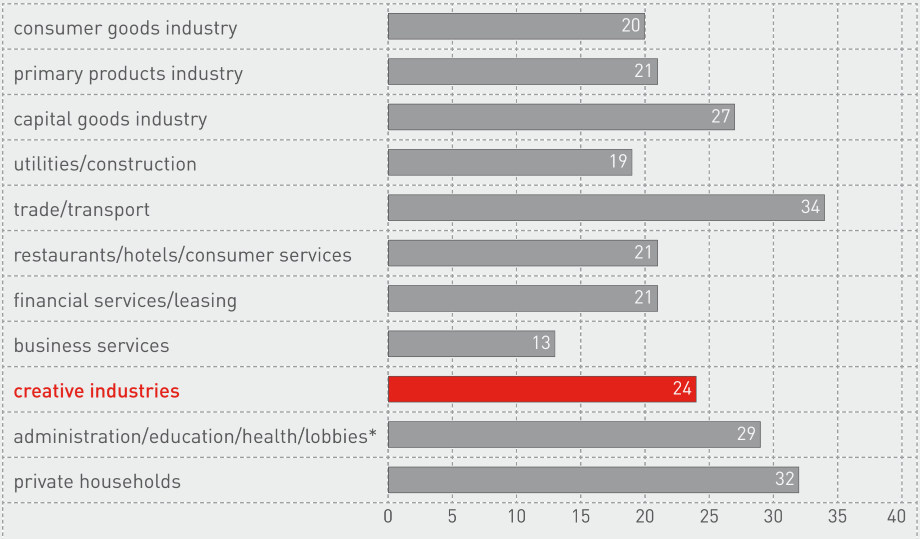
Creative industries have a broad customer structure, new customers are most often referred to them by others.

Due to the economic crisis, the payment morale has declined in some areas of the economy. Being suppliers, creative professionals are at the end of the payment chain, and, thus, sometimes have to wait longer until they receive their payments. But, as a rule, that is the only respect in which they depend on larger companies.

Creative professionals primarily sell their products to other companies and less frequently to end-users. About two thirds of all creative services are provided in the business-to-business field, about 30 percent are provided to private persons and the public sector, and ten percent of all services are provided to associations, unions, and initiatives. Compared to the overall economy, creative enterprises may have fewer customers but the median still amounts to 15 customers for SPEs and to 30 customers for enterprises with at least two employees. More specifically, 61 percent of the enterprises do not have more than 30 customers, one third have not more than ten. 23 percent of the creative professionals – especially in the content area – have more than 100 customers. Architects often do not have more than ten clients.

The majority of creative professionals have different kinds of customers but there are recurring connections to specific sectors: for designers, the food industry is most important, while retail trade is most important for the content area. Other creative enterprises constitute a customer group that is essential for creative professionals; in the areas of advertising and software & games, they are even the most important customer sector. For architects and publishing companies, private households are the most important group of clients and customers.

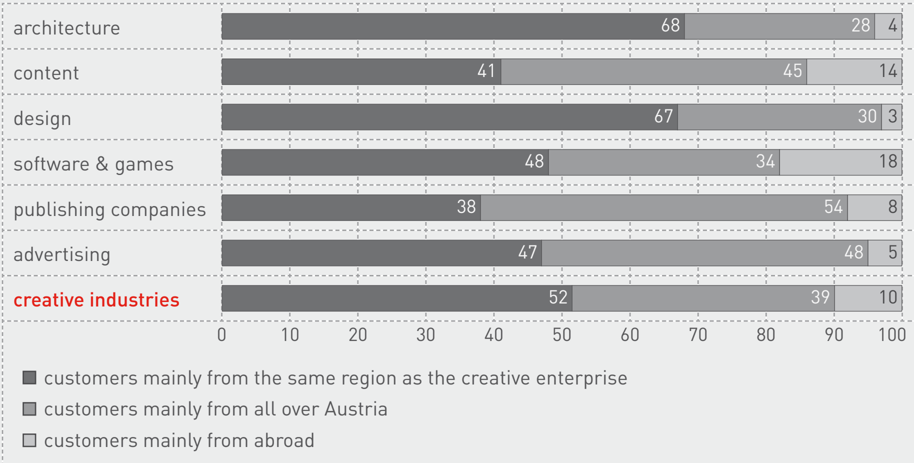
Chart 15. Customers of the creative industries according to sectors, given in percent (2010)



* public administration, education system, health and social systems, lobbies.
Note: share (in percent) of creative enterprises which had customers from the respective sector in 2010. It was allowed to indicate more than one customer sector. Data projected onto the population of the survey.
Source: ZEW survey of enterprises of Austria's creative industries conducted in May/June 2010.

The customers of the creative industries mainly come from the same region as the creative enterprises and usually can be reached in a one-hour drive; this holds especially true for architects and designers. The proximity of customers is less important for publishing companies and the content area.

Chart 16. Distance between enterprises and customers in percent (2010)



Note: data projected onto the population of the survey.
Source: ZEW survey of enterprises of Austria's creative industries conducted in May/June 2010.

Acquiring new customers is what makes the crisis become apparent

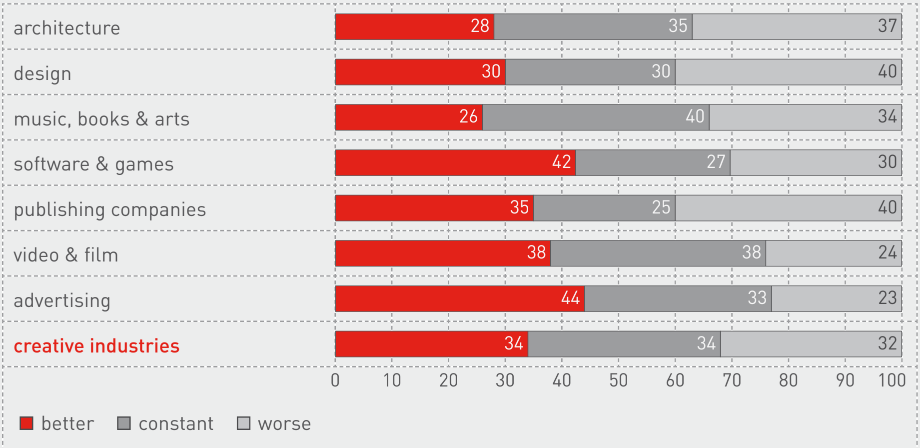
In the year of the economic crisis, 2009, the acquisition of new customers turned out difficult for one third of the creative professionals, partly much more difficult than in the year before that – especially for publishing companies and enterprises with ten and more employees. Nevertheless, 39 percent of the creative professionals succeeded in attracting new customers in spite of the unfavourable economic conditions between the beginning of 2008 and the beginning of 2010, with the shares of new customers from the capital goods industry, technical offices, and the group of consultants being above average. This also shows the significance of the creative industries as suppliers and innovation partners for these sectors.

The consumer goods industry and financial service providers as well as the creative industries themselves were less important as areas providing new customers. The decrease in the number of new customers from the former two sectors in the period under consideration was due to the economic situation. The decrease in the number of new customers from the creative industries could, however, indicate the existence of well-established sector-internal networks, which would make the acquisition of new customers less important. The improved integration of the creative industries into value-adding networks of the overall economy could constitute another reason, which, in turn, could be considered a result of the maturation process of the sector.

Better order situation

The order situation of the creative industries has developed more favourably than that of the areas of production and services and that of the overall economy. In 2009/2010, the order situation of the areas of software & games and advertising was the best within the creative sector.

Chart 17. Order situation in the preceding twelve months compared to the twelve months before, share of creative enterprises according to areas in percent (2010)

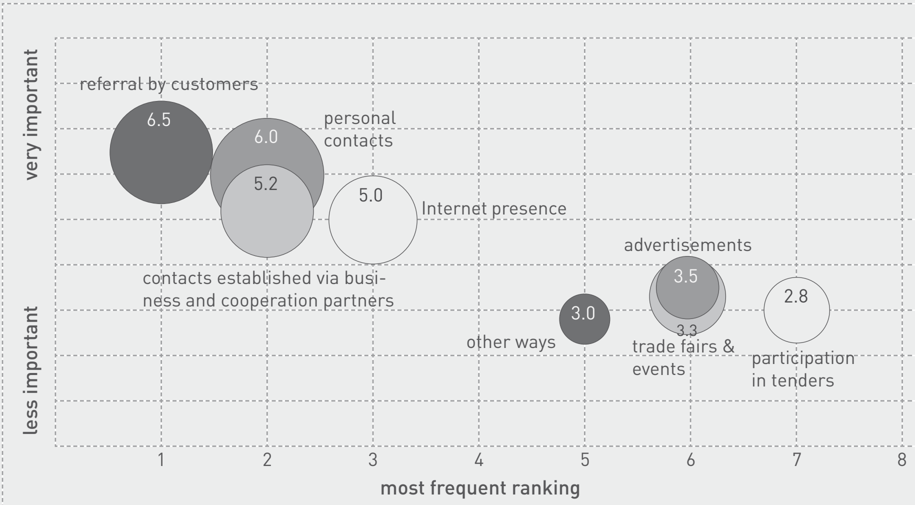


Source: KMU FORSCHUNG AUSTRIA.

Word-of-mouth recommendation leads to the majority of orders

Creative professionals do not have to make a whole lot of an effort in order to attract customers by means of cold calling or similar strategies; most new customers are acquired by being referred to the entrepreneurs by existing customers or by business and cooperation partners. The enterprises' Internet presence is also important. It is mainly architects who consider tenders relevant for the acquisition of new clients.

Chart 18. The ways in which creative professionals attract customers (2010)



Note: most frequent ranking = the ranking which was most often attributed to the respective aspect by the creative enterprises surveyed; size of the circles = number of mentions.
Source: KMU FORSCHUNG AUSTRIA.

Viktor Schaider, cinematographer
www.blendwerk.fm

… THEY HAVE TO BEND OVER BACKWARDS
IN ORDER TO SATISFY THEIR CUSTOMERS,
DON'T THEY?

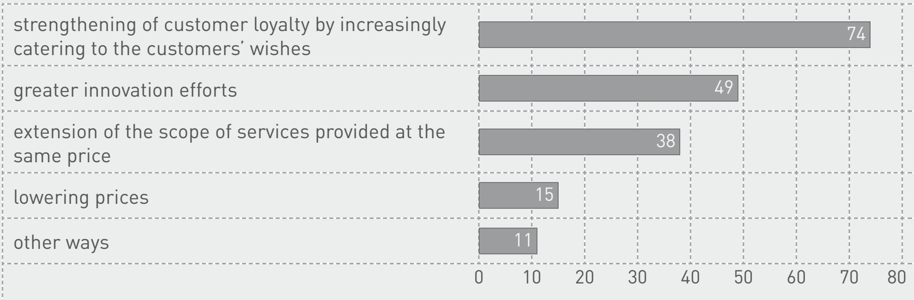
The
CREATIVE INDUSTRIES
use clever strategies for maintaining
good CUSTOMER RELATIONS
and have been able
to cope very well with COMPETITION
becoming increasingly fierce recently.

... they have to bend over backwards in order to satisfy their customers, don't they?

The creative industries use clever strategies for maintaining good customer relations and have been able to cope very well with competition becoming increasingly fierce recently.

In 2009, the impact of the economic crisis did not go unnoticed by creative professionals: two thirds of them noticed the impact, 20 percent even considered the impact strong, and they also faced stronger competitive pressure. Architects, advertisers, and entrepreneurs in the area of video & film, especially larger enterprises, were especially strongly affected. Most creative professionals reacted to this stronger pressure by increasingly catering to their customers' needs. About half of them increased their innovation efforts, while reducing prices played a minor role.

Chart 19. How creative professionals handled competitive pressure, given in percent (2010)



Source: KMU FORSCHUNG AUSTRIA.

The prices of creative services are stable

68 percent of the creative enterprises did not change the prices of their products in 2009/2010, 18 percent charged more, while 14 percent charged less. By way of comparison, in production companies, prices were decreased by an average 38 percent. As the reason for price raises in the creative industries, rising prices for primary and contracted services, including personnel costs, were indicated by most. A decrease in prices was mainly due to competitive pressure or lower demand. Compared to the overall economy, prices in the creative industries developed favourably. 75 percent of the creative entrepreneurs plan to maintain their price levels in the upcoming year.

Due to the economic crisis, 40 percent of all creative enterprises faced a decrease in demand for their products – especially in the areas of music, books & arts, publishing companies, and architecture. 34 percent of the enterprises did not experience any change in demand, while one quarter experienced an increase in demand, especially in the areas of software & games and advertising.

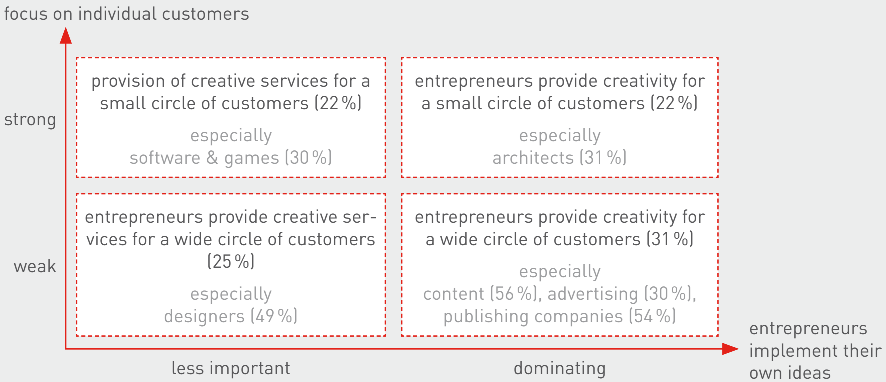
Every customer is different

In order to avoid developing products nobody needs the business activities of creative professionals have to be geared towards the processes and structures of their customers. Four different types of customer relationships can be distinguished:

- In a relationship of type 1, the creative professionals' own ideas are implemented for a few different customers (mainly architecture).
- In a relationship of type 2, the creative professionals' own ideas are implemented for many customers (mainly content, advertising, and publishing companies).
- In a relationship of type 3, the customers' ideas are implemented for a few customers (mainly software & games).
- In a relationship of type 4, the customers' ideas are implemented for a large number of different customers (mainly designers).

Enterprises in these four types of relationships focus on their customers in different ways. They have one thing in common: all of them supply their products/services mainly to other enterprises, followed by public institutions and private households. Private households only play an important role as customers for enterprises which implement their own ideas for a wide customer circle, while public institutions do not.

Chart 20. Types of customer relations



Note: strong focus on individual customers: the enterprise has a maximum of six customers per employee.
Low focus on individual customers: the enterprise has more than six customers per employee.
Source: ZEW survey of enterprises of Austria's creative industries conducted in May/June 2010.

Different market regions

Entrepreneurs that implement their own ideas for a few customers (type 1) do not focus that much on regional markets, their customers are situated all over Austria, partly also in foreign countries. As they implement their creativity in a market niche, they have to focus on a larger geographical area for selling their products and services.

Creative enterprises that supply their own ideas to a larger number of customers (type 2), on the other hand, focus more strongly on regional markets. Enterprises that provide creative services for individual customers (type 3) supply their products to customers from their home regions (46 percent) and from all over Austria (40 percent). Enterprises with a wide customer circle (type 2 and type 4) mainly operate in their local areas (67 and 55 percent, respectively), with type 4 hardly having any customers abroad.

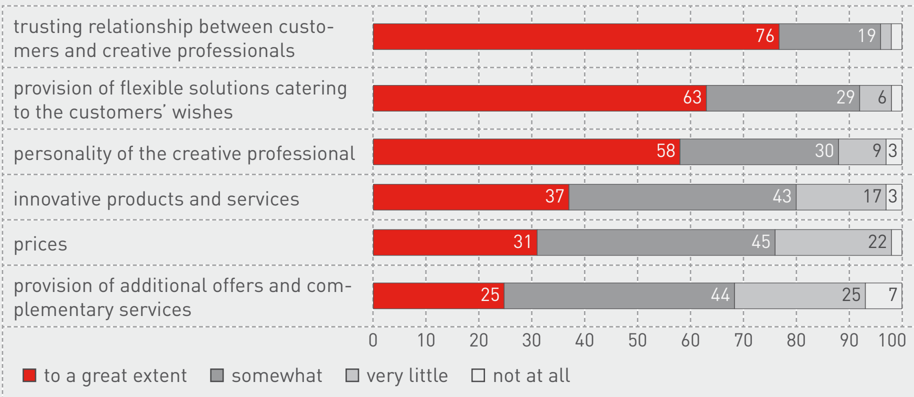
There are also differences among the four types as far as the development of personnel is concerned: while one in two type-1 and type-3 enterprises has recently hired additional employees, one in two creative professionals of type 2 and type 4 have maintained the number of their employees constant.

Working independently as the basis of success

Business success is similar in all four of the above types. 38 percent of the enterprises, on average, have experienced an increase or a considerable increase in their economic activities, while economic activities remained stable in 39 percent and decreased in about 23 percent of the enterprises. We need a more precise definition of business success in this connection: rather than mere financial output, many creative professionals regard independency as the determining factor of business success, so they can implement interesting projects and cooperate with interesting customers. This is also illustrated by the fact that hardly any enterprise reacted to the increased competitive pressure by reducing its prices.

For gaining market success, more than 90 percent of the entrepreneurs consider having a trustful relationship between customers and entrepreneurs and providing flexible solutions in order to satisfy the customers' wishes important, while prices, again, are considered less important.

Chart 21. Creative enterprises' market success and the factors on which it depends, given in percent (2010)



Source: KMU FORSCHUNG AUSTRIA.

Andrea Topitz-Kromister, event manager
www.atk-events.org

...THEIR ENTERPRISES DO NOT SURVIVE FOR A LONG TIME, DO THEY?

There are NUMEROUS MATURE and WELL-ESTABLISHED enterprises in the CREATIVE INDUSTRIES

– and they are growing consistently.

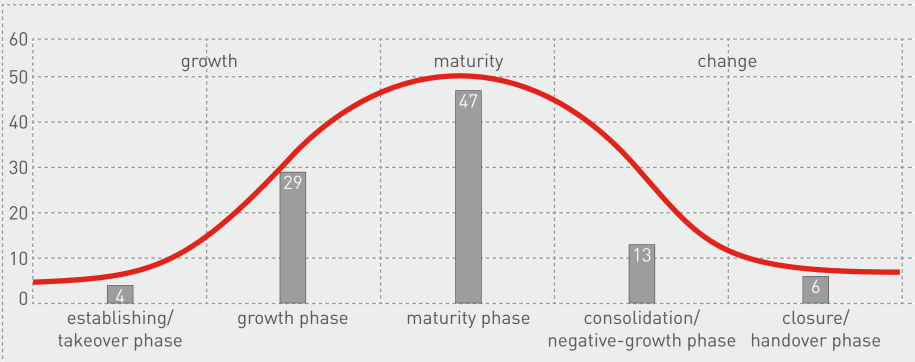
... their enterprises do not survive for a long time, do they?

There are numerous mature and well-established enterprises in the creative industries – and they are growing consistently.

The creative industries have already found their place within the overall economy. This is illustrated by the life-cycle of enterprises of the creative industries. This life-cycle is a depiction of the natural maturing process of enterprises. A survey on their long-term and economic development has shown that the creative industries are not as young anymore as is frequently claimed.

The life-cycle of enterprises is subdivided into different phases. four percent of the creative professionals surveyed classify their enterprises as being in the establishing phase, 29 percent consider their enterprises to be in the growth phase, and almost 50 percent are in the maturity phase. Only one fifth classifies their enterprises in a consolidation or negative-growth phase, while six percent are on the verge of closing down. Especially the high number of enterprises in the maturity phase shows that the creative industries can no longer be referred to as a very young branch of the economy.

Chart 22. Individual phases in the life-cycle of an enterprise in the creative industries, given in percent (2010)



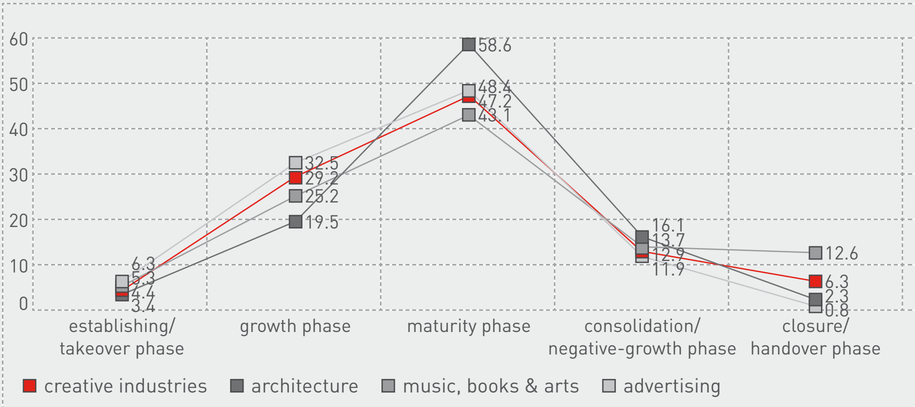
Source: KMU FORSCHUNG AUSTRIA.

Similar development in all areas of the creative industries

It is not easy to answer the question whether the creative industries in general are still young or have already become well-established: the areas of music, books & arts and architecture have been part of the business world for a rather long time, while the area of software & games, for example, is relatively young. Nevertheless, the depiction of the enterprises' life-cycles is similar in all areas of the creative industries:

the number of advertising enterprises classified in the growth phase is above average, an above-average number of architects believe that their enterprises belong to the maturity phase, while an above-average number of enterprises in the area of music, books & arts is on the verge of closing down or being handed over.

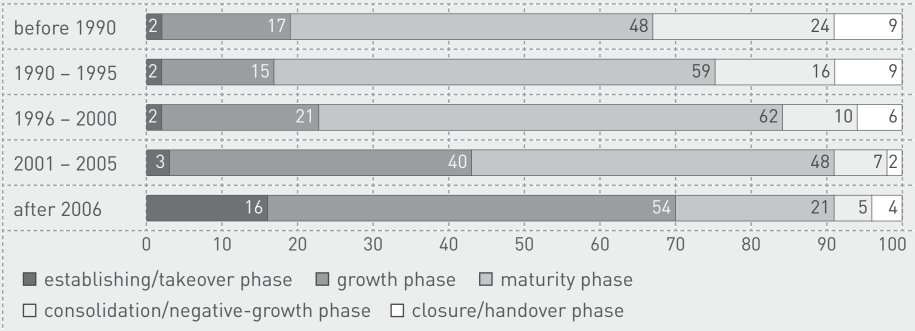
Chart 23. Phases of life-cycles of enterprises in the creative industries in percent (2010)



Source: KMU FORSCHUNG AUSTRIA.

The majority of the enterprises surveyed that belong in the establishing phase was founded later than 2006. One fifth of the entrepreneurs whose enterprises have existed for only four years classify their enterprises as being already in the maturity phase. 17 percent of those who established their enterprises before 1990 still consider them to be in the growth phase, one quarter thinks that their enterprises are in a consolidation or negative-growth phase.

Chart 24. Life-cycles of enterprises according to year of establishment, given in percent (2010)



Source: KMU FORSCHUNG AUSTRIA.

Young is not very young anymore

In this connection, the term "young entrepreneurs" is not necessarily related to the creative professionals' age. 16 percent of the entrepreneurs who are more than 50 years of age classify their enterprises as being in the maturity phase. On average, the share of growing enterprises is highest among entrepreneurs under 40. In this age group, 31 percent of the enterprises are in the maturity phase, and eight percent are in the consolidation phase. In the age group between 40 and 50, 28 percent consider their enterprises to be in the growth phase and 57 percent see them in the maturity phase. In the age group above 50, most enterprises are classified as being in a consolidation and negative-growth phase (24 percent) and in the phase of closure or handover (13 percent).

In the establishing and takeover phases as well as in the growth phase, increases in turnover are above average traditionally. For example: in spite of the economic crisis, 68 percent of the creative professionals whose enterprises are in the growth phase report increases in turnover for the past year. In the maturity phase, the development of turnover is balanced, three quarters of the entrepreneurs in a consolidation and negative-growth phase report that their turnover decreased in the past year, which, however, must not automatically be considered as a sign of the economic failure or the bad economic situation of the enterprise. A decrease in turnover in this phase, before the handover of an enterprise or before the retirement of an entrepreneur, may also be due to deliberate decisions. This also means that enterprises moving towards the end of the life-cycle do not necessarily have to be closed down. After a reorganisation or reorientation phase, a new growth cycle may start.

Optimistic at the beginning, pessimistic during phases of change

An increase in the number of employees is mainly expected for enterprises in the establishing/takeover phase as well as by those in the growth phase, while one in four creative professionals whose enterprises are in a phase of change expects a decrease in the number of their employees. Especially entrepreneurs whose enterprises are in the establishing phase (43 percent) and in the growth phase (56 percent) are optimistic. Creative professionals whose enterprises are in a consolidation and negative-growth phase (49 percent) or in the closing/handover phase (28 percent) have a rather pessimistic view of the future.

... PROFESSIONAL CREATIVE WORK IS ONLY POSSIBLE IN LONDON OR BERLIN, ISN'T IT?

Austria's CREATIVE INDUSTRIES are among the leading creative industries OF EUROPE.

And that is not all: their EXPORT PERFORMANCE is remarkable as well.

Christian Oberndorfer
web consultant
www.gauchomedia.com

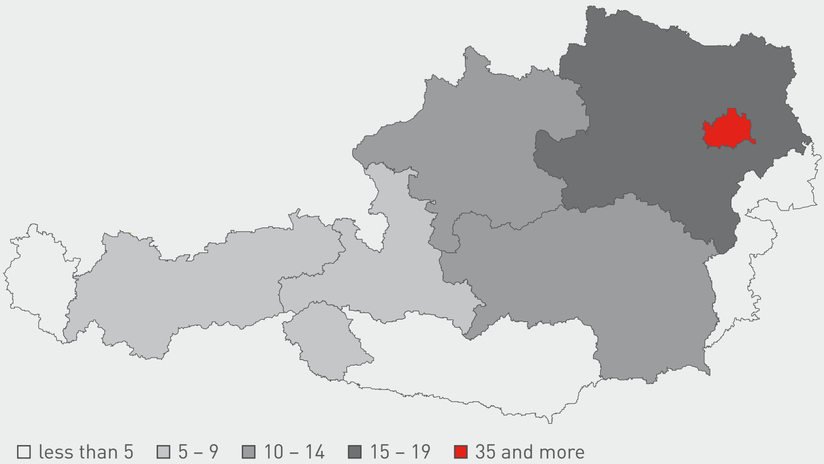
... professional creative work is only possible in London or Berlin, isn't it?

Austria's creative industries are among the leading creative industries of Europe. And that is not all: their export performance is remarkable as well.

Vienna is the creative heartland of Austria. In 2008, almost 40 percent of all Austrian creative enterprises were located in Vienna. By way of comparison, only 25 percent of all Austrian enterprises were located in the Austrian capital. In the federal provinces, the ratio between creative enterprises and enterprises of the overall economy is almost equal. If we look at the number of employees, the situation is similar: 40 percent of the Austrian creative professionals work in Vienna. The ranks of Upper and Lower Austria are reversed, however: 15 percent of the creative enterprises are located in Lower Austria, while only about ten percent are located in Upper Austria, the number of employees being higher in Upper Austria, though.

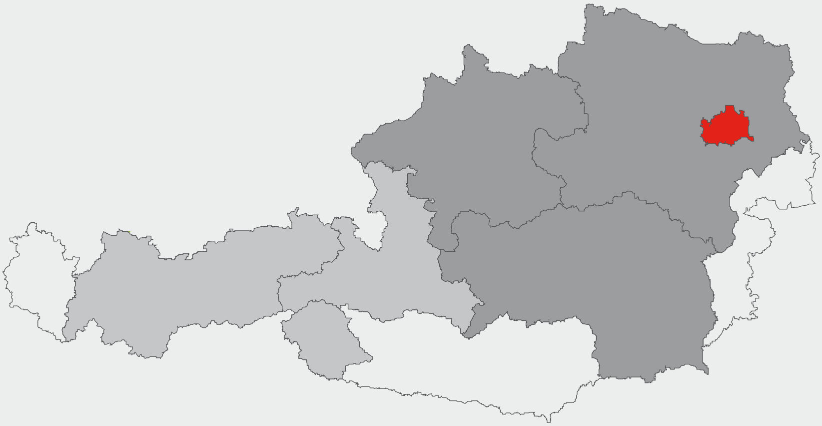
Austria's creative industries

Chart 25. Distribution of creative enterprises among the Austrian federal provinces in percent (2008)



Sources: KMU FORSCHUNG AUSTRIA. – Statistics Austria.

Chart 26. Distribution of employees in the creative industries among the Austrian federal provinces in percent (2008)

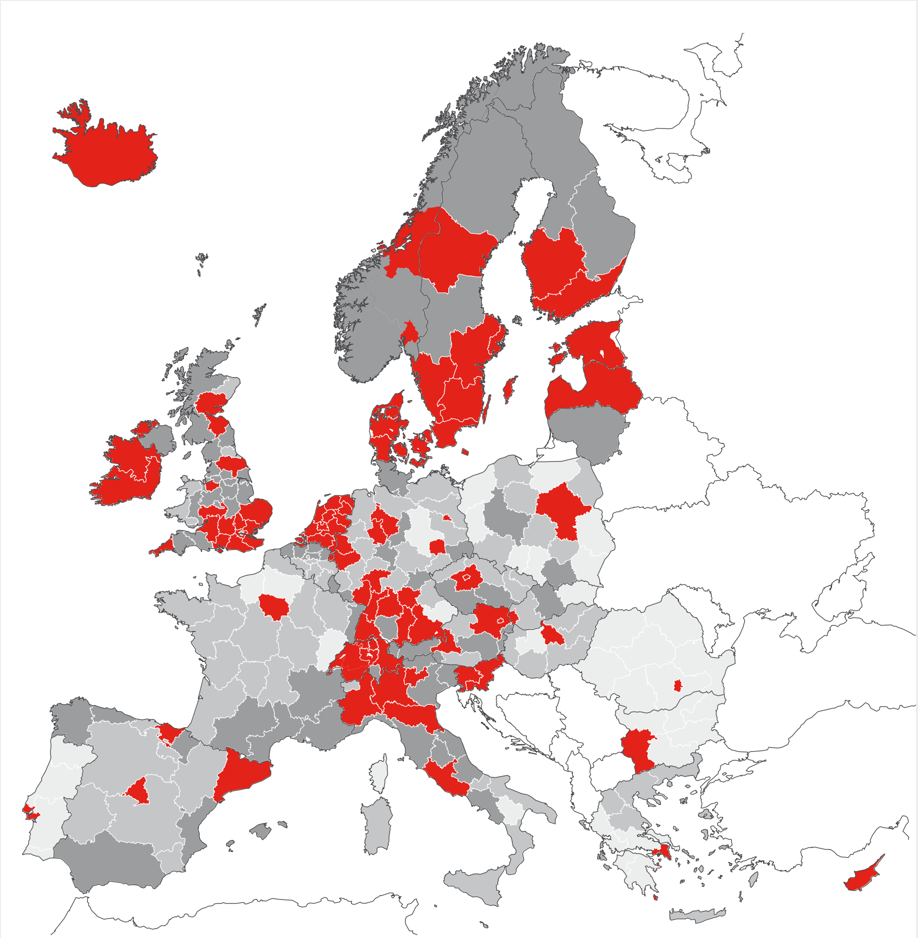


Sources: KMU FORSCHUNG AUSTRIA. – Statistics Austria.

Austria's creative professionals and the rest of Europe

London, Paris, Milan, and Amsterdam are Europe's main creative heartlands where 2.5 percent of all employees work in the cultural and creative sectors. With view to their employment rates in the above sectors, Vienna and Salzburg, however, are also among the leading locations in Europe. The development of the number of employees in the cultural and creative sectors in Austria is better than in any other European country: according to a study by Power and Nielsen, the average increase in the number of employees, which amounts to 6.2 percent between 2001 and 2006, was higher than that of the rest of the economy, which had also experienced a very positive development during this period (5.4 percent increase). Regarding the increase in the number of employees, Lithuania ranks second (5.8 percent increase). Generally, it can be said that the development of employment in the creative industries reflects the economic situation. In Germany, for example, negative economic trends resulted in even higher decreases in the number of employees in the cultural and creative sectors. The decrease in the number of employees in these sectors amounted to 2.1 percent, while the overall German economy declined by 1.4 percent. With a decrease of 2.4 percent in the number of employees in the cultural and creative sectors and a decline of 0.3 percent in its economic activity, Norway ranks last.

Chart 27: Employees in the creative industries in Europe



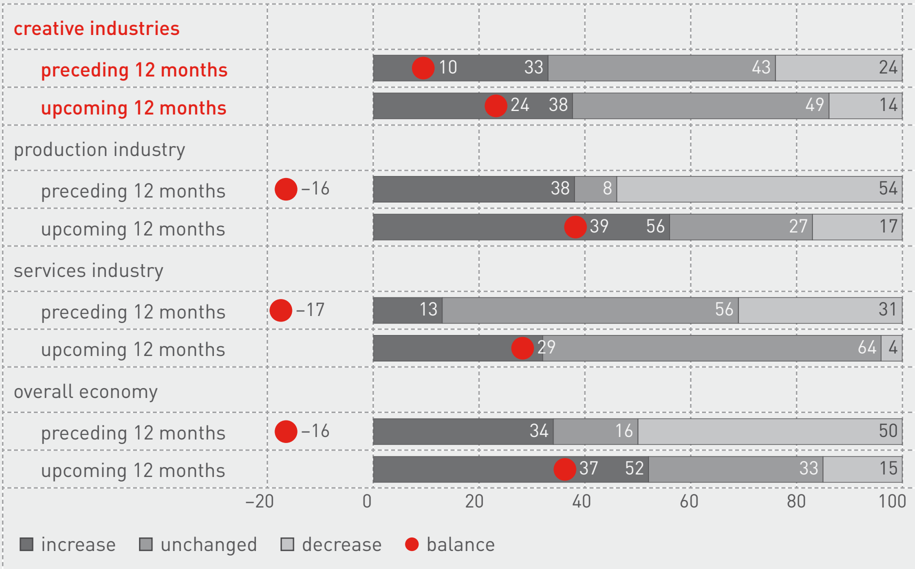
☐ less than 1.5 % ☐ 1.5 % to less than 2 % ☐ 2 % to less than 2.5 % ☐ more than 2.5 %

Source: Power, D./T. Nielsen 2010. Priority Sector Report: Creative and Cultural Industries. Brussels: European Commission.

One in ten creative professionals works for customers abroad

The export activities of Austria's creative enterprises are also remarkable. Although, with a share of 59 percent in the overall exports, the industry traditionally ranks first, the creative industries achieved an export share of 26 percent in 2009. 39 percent of all enterprises of the creative industries – mostly larger enterprises – have business relations to customers abroad. For one in ten enterprises, customers from abroad constitute the most important target group. By way of comparison, other commercial service sectors achieve a share of twelve percent in the overall exports. The export activities of the areas of content and software & games as well as larger publishing companies are especially intense, while the export rates of architects, designers, and publishing companies are rather low altogether.

Chart 28. Export activities within the creative industries



Balance: share of enterprises which experienced/expect increases less the share of enterprises which experienced/expect decreases.
Source: KMU FORSCHUNG AUSTRIA. Survey in June 2010.

... CREATIVE PROFESSIONALS DO NOT EVEN
KNOW EACH OTHER, DO THEY?

Different VALUE-ADDING NETWORKS within the CREATIVE INDUSTRIES contribute to increasing the sector's output.

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… creative professionals do not even know each other, do they?

Different value-adding networks within the creative industries contribute to increasing the sector's output.

One in two enterprises of the creative industries is part of a value-adding network. This means that creative offers are provided in the framework of the cooperation of creative professionals from different areas and different levels of the creative value-added chain. These networking enterprises grow more slowly than others but, on the whole, they have survived the economic crisis very well. They are also more successful in achieving their business aims and in cooperating with customers.

Table 4. Cooperations

	selected value-adding networks					all enterprises
creative industries sector	media	advertising	architecture	specialists	overall	
architecture	0	0	45	0	45	100
content	22	17	2	0	41	100
design	4	17	1	16	38	100
software & games	0	0	1	57	58	100
publishing companies	55	0	0	0	55	100
advertising	0	53	0	0	53	100
creative industries	7	13	13	16	49	100

Note: share of enterprises in percent. Data projected onto the population of the survey.
Source: ZEW survey of enterprises of Austria's creative industries conducted in May/June 2010.

A total of four value-adding networks may be identified.

Associations of creative professionals in the field of media production

Publishing companies or broadcasting corporations provide the majority of assignments of designing content and contributions to specialised creative enterprises in the areas of content and design. About one quarter to one fifth of all enterprises of the areas of content and design are involved in this value-adding network. About three quarters of the enterprises in the publishing area make use of associations of this kind.

Associations of creative professionals in the advertising area

In this area, there is often one advertising company which is in charge and provides specialised creative professionals from the areas of content and (graphic) design with assignments, in addition to cooperating with smaller advertising companies. More than three quarters of the advertising companies and about one in seven companies from the areas of content and design are incorporated into these networks.

Cooperation of architects

In these networks, there is mainly one architectural office that manages the projects, accompanied by individual architects as well as engineering offices and construction companies. Each individual partner contributes specialised partial services and solutions to the overall product. More than half of the architects work in these networks in addition to their individual business.

Partnerships of specialists

In these associations, it is mainly very small creative enterprises which together assemble an overall product out of individual creative contributions. These associations primarily involve enterprises from the areas of software & games, content (film/art) as well as from some parts of the design sector. Almost two thirds of all software enterprises at least sometimes work in the framework of such associations of specialists, while in the areas of content and design one sixth to one fifth of all enterprises is part of such a partnership of specialists.

Generally, it can be said that enterprises from the design area participate in all four types of networks. Nevertheless, designers tend to be less involved than other areas of the creative area. Enterprises from the areas of software & games, publishing companies, and advertising, are particularly often involved in value-adding networks.

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creative industries
in austria

Austria's Initiative to Support Innovation in the Creative Industries

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

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