



Enumerating sector organisation and industrial arrangement in Cultural and Creative Sector production chains

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Abstract

This CICERONE paper (D3.4) presents an overview of the sectoral organisation of the creative economy in Europe. It does so by considering the distribution of firm size within industries, interactions between firms within the cultural and creative sectors (CCS), and the trends and market dynamics impacting these interactions. When considering these issues, it applies the Global Production Network perspective, thereby trying to explore why production network typologies are changing form and how power structures within these networks shift. The series of which this paper is part is to inform European, national and regional policy frameworks for the CCS (and the wider economy) by grasping the challenges of the new and emergent organisational and governance forms of the creative economy. In this paper, we observe, among others, that CCS in Europe are constrained by their fragmentation (both on the demand and supply sides) to engage in forms of collective action. Constituting a myriad of small and medium-sized players, largely characterised by precarious, short-term, part time working conditions, it is hard for the CCS as a whole to speak with one voice. Next to that, collaborations in the CCS seem increasingly shaped by place-based cluster dynamics, but also sector-based (cross-border) platformisation. While place-based clusters speak to local and national policymaking, making culture and creative sectors an argument for territorial attractiveness, platformisation links much more to an European policy agenda, with digital, copyright and competition policies being particularly instrumental in setting market field for CCS.

Key words

Cultural and creative sectors, cultural economy, production networks, platformisation, cultural and creative clusters

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Introduction

This paper is written as part of the CICERONE project and the fourth in a series of six belonging to work package (WP) 3, which focuses on “*Policy, regulatory and governance matrix of the CCIs in Europe*”.

In this series of papers, we review the organisational forms of the industries that comprise the cultural economy in Europe. Overall, these papers provide a backdrop and a wider context for the local level analysis of individual creative industry production chains. In particular the CICERONE project seeks to examine the complex picture of trans-local co-production and understand the locations (institutional and spatial) where value is added and captured. It is a working hypothesis that this activity escapes the scope of existing policy frameworks, and supersedes the (local) conception of many policy makers and politicians. The tentative hypothesis that we seek to test over this series of papers (and supplemented by the findings of the original primary research from other Work Packages, notably WP2 “Mapping sectoral GNPs”) is whether, and to what extent, the existing European, national and regional policy frameworks concerning the cultural industries (and the wider economy) are appropriate to the challenges of the new and emergent organisational and governance forms of the creative economy.

The cultural and creative sectors (CCS) are important for ensuring the continued development of societies and are at the heart of the creative economy. Knowledge-intensive and based on individual creativity and talent, they generate considerable economic wealth (Antonucci,2020). More importantly, they are critical to a shared sense of European identity, culture and values. In economic terms, they show above-average growth and create jobs - particularly for young people - while strengthening social cohesion. According to the Creative Europe definition the CCS is made of 11 sub sectors that are: advertising; architecture; archives, libraries, cultural heritage; books & press; cultural education; design & visual arts; music; performing arts & artistic creation; radio & TV; software & games; as well as video & film¹.

In addition to this, the recent literature includes in the cultural and creative sector the production of artistic craft. In fact, artistic craft is a broad and conditional concept with little general consensus on its definition. Rather, its definition often changes depending on the purpose of its use (Jakob & Thomas, 2017). Crafts represent a very diverse set of manual activities, ranging from knitted fabrics to musical instruments; from leather bags to jewelry (Banks, 2010; Ocejo, 2017). Not only is there a wide variety of handicrafts but there is also a wide variety of creators and artisans, from high-quality craftsmen with highly expensive sought-after goods to micro-businesses and 'mum-preneurs' (Ekinsmyth, 2011), who start a business 'to do what they love' and adjust the time spent in running this business to fit in with family life (Luckman, 2015b).

¹ <https://ec.europa.eu/culture/sectors/cultural-and-creative-sectors>

The CICERONE project for its part considers the following sectors (or groups of sectors) for further scrutiny in case studies: Architecture; Archives (including libraries and cultural heritage); Artistic Crafts; Audiovisual (film, TV, video games, multimedia) and Radio; Design; Festivals, Performing and Visual Arts; Music; Publishing.

The present paper proposes an overview of the sectoral organisation of the creative economy in Europe, notably considering the distribution of firm size within industries, interactions between firms within the CCS as well as trends and market dynamics that impact such interactions. In doing so, it maps the linkages across and between companies involved in production networks (details on the flows of goods, services, and people within these networks, are collected as part of CICERONE WP2 and will be reported in a separate series).

Methodology

The purpose of this paper is to give an overview of the organisational forms that coexist in the cultural economy in Europe. To tackle this task, a qualitative approach has been adopted using secondary data and literature review of relevant documents, reports, grey literature and academic papers. As for other papers of this series, the Global Production Network (GPN) approach has been adopted to analyse the way organisational structures might affect the way CCS produce and interact with other business, actors, and sectors as well as to analyse the places and ecosystems where they are located and where they operate. The GPN approach helps adding elements related to the embeddedness of CCS as well as power dynamics within the industries to analyse their structures and evolutions. The GPN approach also enriches the perspective on the policy implications of recent trends in the distribution of power in industries and the social, economic and cultural impact of CCS activities at various territorial levels.

1. Considerations on the size of firms in the cultural and creative sectors

Although CCS in Europe have specific features and diverse value chains, they share a number of characteristics, notably in terms of size. CCS feature a majority of small enterprises, while a few large firms have a dominant market position in sectors such as advertising, media or fashion.

1.1 Mainly small companies and operators and a few large groups

The largest share of European CCS is composed mainly of micro and small entities (95%, with up to nine people employed; CCS as defined by the EU: 96%, fashion industry: 92%). In addition, 70% of all CCS in the field of trade and services are sole proprietorships (OPE). Data from Eurostat as reported by the JRC in 2020 shows that in EU-27, 32% of culture professionals are self-employed, compared to 14% in overall employment.² The small scale of most CCS operators is precisely the feature that allows them to adapt to new market situations, creating intellectual property (IP), innovating with new content and experiences in cinema, video games, music, visual arts or entertainment.

The largest companies and groups in the CCS are to be found in the media and high-end industries (luxury fashion brands). In media and entertainment, Vivendi (France), Bertelsmann AG (Germany), RTL (Luxembourg), are among the largest companies in terms of turnover.³ Large media companies are often characterised by strong vertical integration – acting across the whole value and production chain and thereby controlling a large part of the market. These companies are all active across several sub-sectors and therefore also strongly horizontally-integrated. Almost all of them have developed branches into all media-related activities, including audiovisual content production, press and publishing activities, as well as advertising services. A few media groups also branch out into other sectors like video games or music (e.g. Bertelsmann).

In the field of high-end fashion industries, on the one hand, there is a strong presence of large companies and multinational brand groups (European Commission, 2012c). The majority of the biggest high-end companies in the world are European, for instance LVMH – Louis Vuitton Moët Hennessy, Kering (Alexander McQueen, Gucci etc.), Prada, Hermès International or Burberry. On the other hand, the up-stream supply chain is dominated by small-scale manufacturers – typically micro-

² Montalto, V., Sacco, P.L., Alberti, V., Panella, F. and Saisana, M., European Cultural and Creative Cities in COVID-19 times, EUR 30249 EN, Publications Office of the European Union, Luxembourg, 2020. Available at: <https://publications.jrc.ec.europa.eu/repository/handle/JRC120876> page 27

³ <https://www.value.today/top-companies/top-media-companies-europe>; More examples in Europe and in the world: https://www.medienorge.uib.no/files/Eksterne_pub/Topmediacompanies_2011_PDF.pdf

enterprises with 10 or fewer employees. For instance, around 80 % of the high-end fashion suppliers in France had 4 or fewer employees (Frontier Economics, 2014).

The distribution of firm size and number of employees also relates to the power distribution of the network where clearly vertical hierarchy with an identifiable lead firm/actor organising the network co-exist with a more horizontally organised network where power is very much dispersed. CICERONE research in the high-end and fashion sector has shown that not only the size but also the position in the production network enables these large companies to attain a strong power distribution in comparison to (e.g.) individual fashion designers.

2.1 Market dynamics in the cultural and creative sectors

Over the period 2013 to 2017, the value added produced by the CCS has grown at a compounded annual growth rate of 5.1%, growing from EUR 337,852 million to EUR 412,929 million.⁴ The development of sub-sectors is, however, not even throughout all CCS. The most rapidly growing sectors in terms of value added have been audiovisual and multimedia, driven by a very rapid development of software and games. Across Member States, the Irish CCS registered the highest growth rate of value added between 2013 and 2017, with 44.8%. This growth was mainly led by audiovisual activities which jumped from EUR 440.5 million in 2013 to EUR 3,857.5 million in 2017. An explanation for this significant growth rate may be an overhaul of the Irish tax incentive scheme which attracts large co-productions.⁵

The fashion sub sector has experienced a decline in the manufacturing of intermediate and fashion goods (outsourcing to Asia, or to areas closer to Europe where the labour force is cheaper such as Turkey, Morocco, Ukraine, resulting in a decrease in the number of enterprises, persons employed, and the value added while the turnover has increased slightly since 2008.⁶

In terms of employment and number of companies, CCS workers represent, on average 6.2% of national employment and 12.1% of the total number of national companies.⁷ The Netherlands, Ireland and Latvia present the highest share of cultural employment (respectively 9.1%, 8.9% and 7.9%) while the highest shares of CCS companies out of the total number of companies can be found in the Netherlands (23%), Hungary (15%), Slovenia (14.7%) and Austria (14.2%).

As a result of the large number of small companies, CCS in Europe are characterised by an important degree of fragmentation. This fact also reflects the diversity of cultures and languages in the EU. In

⁴ European Investment Fund (2021), Market Analysis of the Cultural and Creative Sectors in Europe. Available at: <https://keanet.eu/wp-content/uploads/ccs-market-analysis-europe-012021 EIF-KEA.pdf>

⁵ See also "Enumerating the role of incentives in CCI production chains." (CICERONE report D3.2), available at: <https://cicerone-project.eu/published-the-2nd-in-a-series-of-papers-on-european-national-and-regional-policy-frameworks-for-cci/>

⁶ European Commission (2016) Boosting the competitiveness of cultural and creative industries for growth and jobs.

⁷ European Investment Fund (2021), op.cit.

music, for instance, local cultures influence the listening habits of their population. Therefore, the local repertoire still dominates countries' charts: 69% of music consumers in France listen to 'variété française' and 28% of Polish listeners listen to 'disco polo' (Music Consumer Insight report, 2018⁸). Not surprisingly, some musical genres, such as hip-hop and rap, have become popular in many countries as these allow expression in local languages (even dialects and sociolects) and, hence, gained attention over years due their ability to dialogue with the socio-cultural tradition and to create a space of representation for the collective's identity (Feracho,2007).

A similar situation exists in the audiovisual sector, where an important attention is given to local films: in 2019, overall, about 72% of cinema tickets were sold to European films in their national home market. National market share was highest in the United Kingdom and Ireland (47.2%), France (34.8%), and Poland (27.1%) in 2019.⁹

This makes it difficult for the production of cultural goods and services to cross borders within the EU but also to shift to other continents. Therefore off-shoring is less developed than in other sectors of the economy (even at manufacturing level). Job losses in the CCS tend to be the result of restructuring, for example due to new forms of distribution and the emergence of new business models. Because of this characteristic (non-delocalisation) and given that Europe is a major producer of intellectual property assets in the world, CCS represent a strong and resilient part of its economy and an important potential for growth.

However, such fragmentation brings multiple challenges for European CCS companies and operators, not only for the trans-frontier circulation and distribution of works, but also in defending the interest of the small, independent players in the sector against large international corporations. Besides, the full innovation potential of digitisation for the CCS has not yet been realised due to their fragmentation. Although new digital tools for the creation, production, distribution and consumption of CCS products and services have enabled them to get involved in activities along the value chain, they mostly do not have the scale and capacity to take full advantage of these opportunities, and to engage in research and development.

Co-operation between enterprises can be difficult to achieve due to the peculiarities of the CCS production system, which is characterised by a high degree of fragmentation with a very high share of very small firms and, on the demand side, a fragmentation of markets along socio-cultural, ethnic, and linguistic dimensions. Because of this fact, a problem commonly faced by CCS concerns the ability of the cultural and creative sectors to organise themselves and speak with a united voice to defend the interests of artists and independent operators, and to improve economic and social conditions. This weak capacity of organisation and collective engagement might depend on several factors, notably on the large share of unpaid volunteers who lend their skills and strengths without receiving any concrete economic compensation, or on the informal part-time workers and self-employed workers (cf Watson, 2012).

⁸ <https://pro-musicabr.org.br/wp-content/uploads/2018/10/IFPI-Consumer-Insight-Report-2018-FINAL.pdf>

⁹ European Audiovisual Observatory, Yearbook 2020/2021 Key Trends. Available at <https://rm.coe.int/yearbook-key-trends-2020-2021-en/1680a26056>

Fragile and typically temporary collaborations in projects as well as precarious labour contracts weaken the capacity for collective action of the entire sector. Sectoral representation of CCS at national and European level has nevertheless emerged over the last 20 years, with some real progress in terms of advocating the interests of sub-sectors in front of policymakers. An example of this new organisational set-up is the European Film Agency Directors (EFADs)¹⁰, which aims to give voice to the national European film agencies and brings together the directors of the national film funds of European countries from 2014 onwards. Indeed, EFAD has advocated its position on several crucial policy issues at the EU level relating not only to legislation affecting the AV sector (such as the SatCab regulation, the renewed Copyright Directive, the amendment of the Audiovisual Media Services Directive), but also to dedicated funding (such as the formation of the Creative Europe MEDIA programme).

Likewise, IMPALA, the association of independent music companies, has been sensitising and advocating for more equitable remuneration and freedom to express themselves in the music sector since 2000, harnessing the collective strength of independent actors for the growth and stabilisation of the sector at European level. The Music Moves Europe preparatory action, launched in 2018, is a product of direct advocacy actions led by IMPALA and a wide range of European music organisations for the European Commission to directly advocate for the sector.

However, creative industries federations, which comprise embrace all or even a number of CCS sub-sectors to bring a united voice to the public debate, do remain thin on the ground. Examples include the Creative Industries Federation in the UK, the Federatie Dutch Creative Industries (FCI) in the Netherlands and the National Association of Creative and Cultural Industries (NACCI) in Lithuania.¹¹

The COVID-19 pandemic has shown that fragmented and isolated categories of workers have experienced a very negative impact on their activities. According to preliminary estimates by Eurostat, the COVID-19 crisis has affected about 7.3 million cultural and creative jobs across the EU and not surprisingly over 30% of the people affected are self-employed and lack adequate social protection. The pandemic also had a catalysing effect on the capacity for collective action as CCS have been mobilised across Europe to claim their rights to fair compensation for the loss of income, the impossibility to create, rehearse, plan and perform or exhibit as normal, and for public authorities to acknowledge their important economic, social and cultural role in society. Despite difficulties, workers in these sectors have shown tremendous solidarity amidst the crisis, offering their works for free online, easing feelings of isolation and contributing to the mental and emotional health and well-being of people in these challenging times¹².

CCS have also demonstrated a strong cohesion, joining together in collective actions to raise voice for their rights, as demonstrated by more than 110 representatives of the multifaceted European cultural ecosystem, jointly calling on the Member States and the European Commission to secure a future for

¹⁰ <https://europeanfilmagencies.eu/>

¹¹ <https://creativeindustries.lt/>

¹² Joint Research Centre (JRC) ongoing investigation (2020): [link](#).

culture and cultural life in Europe.¹³ Support measures at various levels of administration in EU Member States have been taken to mitigate the effects of the pandemic.¹⁴ Emergency and recovery support to the CCS are highly related to the countries' administrative organisation (centralised vs. federal) and tradition of cultural policy.

¹³ Open Letter "Include culture in your national recovery strategies and reactivate cultural life in Europe". Available at: https://bcreativetracks.com/wp-content/uploads/2021/03/Open-Letter_Include-Culture-in-Your-National-Recovery-Strategies-and-Reactivate-Cultural-Life-in-Europe.pdf

¹⁴ See sources of information on support measures available to the CCS in Europe:

KEA interactive map. Available at: <https://keanet.eu/research-apps/c19m/>

IDEA Consult, Goethe-Institut, Amann S. and Heinsius J. 2021, Research for CULT Committee – Cultural and creative sectors in post-Covid-19 Europe: crisis effects and policy recommendations, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels. Available at:

[https://www.europarl.europa.eu/RegData/etudes/STUD/2021/652242/IPOL_STU\(2021\)652242_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2021/652242/IPOL_STU(2021)652242_EN.pdf)

Compendium for cultural policies and trends. Covid-19 Country reports. Available at:

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2. Interactions between creative firms

Interactions between CCS actors - firms, self-employed, part-timers, freelancers, and volunteers – typically occur within the framework of a project (e.g. a festival, a performance, the recording of a song, the design of a building). The actual composition of those involved with their unique skills may change from project to project, but the underlying networks still are often characterised by long-term relationships based on trust (Watson, 2012). The crucial role of projects in the CCS creates an often ad-hoc demand for highly specialised labour. Spatial concentration, then, reduces transaction costs of matching supply and demand for this labour (Scott, 2000, 2004; Kloosterman, 2008, 2010; Grodach et al., 2014). Close proximity also enables the building of trust relationships as people also meet outside work in cafés and in third spaces (Hutton, 2015; Kloosterman and Brandellero, 2016; Brandellero and Kloosterman, 2020). Being together, furthermore, fosters the exchange of the intensive inter-firm exchange of knowledge to enable processes of innovation (D’Ovidio, 2010,2015; Power and Lundmark,2004; Pratt, 2004). Dedicated institutions – places to meet, research facilities, work spaces, specialised educational tracks linked to the specific CCS – often emerge, thereby further strengthening the local cluster (Scott, 2000). What we see, then, is the clustering of CCS in (larger) cities and, within these cities, in particular neighbourhoods. These clusters are important drivers of employment growth. This spatial concentration of CCS has, in some cases, facilitated sub-sectoral and sometimes even sectoral collaboration (Watson, 2012).

In order to balance the effects of the fragmentation of the CCS, companies and organisations have been organising in professional associations which are rarely cross-sector. In relation to the development of new technologies of information and communication, CCS are also affected by the phenomenon of platformisation, concentration and disintermediation which transform interactions and value capture in production networks.

2.1 Collaboration

Factors of collaborations in the cultural and creative sectors

Considering the size and evolution of the CCS market in Europe, interaction and collaboration between companies is a key aspect of CCS development and can have positive economic, political, social, technological and environmental impacts. Small cultural and creative organisations can make collaboration a common practice, for example with other disciplines and creative sectors in an attempt to combine resources. This collaboration is reflected not only in generating positive impact for the industries themselves, but also brings added value in making certain host cities attractive (Pratt, 2017). This happens, on the one hand, by producing a vibrant cultural and creative environment that attracts creative and talented people and, more generally, tourist flows, and, on the other, by making cities attractive from a financial and investment point of view (Florida, 2002, 2004). In fact, CCS will act as a significant factor in territorial attraction and contribute to the development of cities (Hutton, 2015).

Creative industries need a workforce with a unique mix of skills (including business knowledge, creative entrepreneurship, digital skills, technical skills and traditional skills), some sectors face a general shortage of talent. Recent studies show that many competencies are still needed or yet not developed by professionals: examples are business, marketing and communications skills, problem solving skills, communication skills (oral or written), finances (accountancy, financial planning, etc.), social media skills (Skills needs assessment for the creative and cultural sector, 2018.)¹⁵ The skill gap can produce a negative impact on the output of cultural and creative industries. Building stronger partnerships between CCS, social partners and education and training providers is seen as a way to enhance the provision of the right 'interdisciplinary curricula' needed in the creative sectors.

The demand side (i.e. customers and markets) of CCS is characterised by business-to-business (B2B) relationships with other companies that generate around two-thirds of the sector's total sales¹⁶. Creative businesses are closely intertwined and often act in value-added networks networking activities (Grabher 2002a, 2002b, De Klerk, 2015). Due to their generally smaller business size and their high degree of specialisation, collaboration and networking with other creatives becomes necessary to combine skills and offer more complex and integrated creative outputs . The high degree of specialisation, in fact, might depend on the fact that many creative industries are “one-person enterprises” or enterprises with only one or two employees, often including self-employed people. Very often cultural workers are “slashers” i.e. sharing their time between various creative or non-creative jobs, thus relying on other income-generating activities and spending part of their time on creative activities. Creative eco-systems, creative hubs and clusters bringing together creative businesses, talented people and institutions that pool knowledge and skills are therefore of particular relevance for the creative industries (Scott, 2000, 2004).

Networking and location factors

Furthermore, CCS are characterised by their openness to collaboration along the value chain and their embeddedness in value-added networks. Their collaborative openness is closely related to the way they integrate and practice new forms of work. In fact, their flexibility generates economies of scope which allow them to be able to participate in different projects on a sequential basis. On the other hand, enterprises in the creative sectors are, to a degree, also "obliged" to cooperate due to the specific structure of the CCS market and the small size of their enterprises (De Klerk, 2015).

The small size of enterprises in these sectors also necessitates intensive collaboration. Networks with other creatives are crucial to combine one's own competences with the services of cooperation partners to offer more complex and integrated creative products. The cooperation also gives the processing capacity needed for larger orders that one creative could not handle alone. Working in networks and partnerships also offers flexible structures that can be adapted to the requirements of the respective project as well as to the needs and restrictions of the creatives themselves. It is therefore also in line with the typical forms of employment in the sector, including fixed-term

¹⁵<https://creativealliance.org.uk/wp-content/uploads/2018/07/Report-Skills-Needs-Assessment-For-The-Creative-And-Cultural-Sector-CCSkills.pdf>

¹⁶ KEA (2019), Impulse paper on the role of cultural and creative sectors in innovating European industry, for the European Commission DG GROW.

contracts, part-time and home-based work (Voithofer et al., 2010). In addition to this, working in networks might help industries to exchange skills and competences especially with regard to their specific role in the creative value chain; feedback can also play a crucial role. Not surprisingly, short-term interactions can be considered as being part of a project-based ecology (Grabher, 2002a, 2002b) when different skills come together in a joint effort.

The majority of CCS firms collaborate with other firms to offer creative goods and services. More often, creative businesses cooperate with companies from the same creative industry to supplement their services with the skills of other creatives. The cooperation is most often project-based. A large number of companies also use long-term cooperation to expand their products and services. (Rammer et al., 2008; Voithofer et al., 2010). The personal nature of cooperation relationships is important and this has led to people-centred networking policies that are very significant for the sector. In fact, many of these collaborations are based on elements dealing with a common understanding of the people involved that characterise the creation phase as the production one; this is to say that it might happen that the creation and delivery of creative products has to do with other objectives than purely profit goals, and for this reason collaborations are easier to put in place where using a common language.

The literature on urban growth and the role of CCS has often questioned the reason underneath people's migration with regards to certain jobs. Do people move to jobs or do jobs move to people? (cf. Muth, 1971; Mazek and Chang, 1972) Many theories have been addressed to the job migration phenomenon and Richard Florida gave these debates a new twist with his book *Cities and the Creative Class* in which he argued that quality of place is crucial. His viewpoint is grounded on the relationship between the level of education of labour and the degree of economic growth of cities. (Florida, 2004) In fact, he developed his argument around the concern on how to attract educated labour and thereby attract high-tech industries and achieve growth. He argued that these kinds of industries are highly pulled by labour resources and as a consequence, cities attractive to labour will reap the reward of growth. He believes that this segment that was and still is in such demand constitutes the creative class and is attracted to locations with specific consumption patterns. (Pratt, 2008). According to Florida's idea, job (creative) migrants move for specific reasons that deal with individual preferences rather than with urban production systems. In his view, there are at least three criteria by which these phenomena have been explained: the first argues that spatial patterns of human capital can be directly explained in terms of preference-seeking by individual workers. The second is that this preference-seeking focuses on the qualitative attributes of places, and especially on the services they offer. And the third is that workers selectively migrate to cities that are favoured by relevant services and that this explains urban growth. In particular, places that can attract workers with high levels of human capital are said to grow particularly quickly because of the entrepreneurial, creative and innovative energies these workers bring (Storper and Scott, 2009). Since evidences show that socio-dynamic processes foster creativity and innovation (Amabile, 1988; Capdevila, 2017), the social course of the interactions of individuals or firms, and the ideas and inspiration they generate, are increasingly seen as the basis of creativity (Perry-Smith & Shalley, 2003), which is a prerequisite for innovation (Amabile, 1988).

However, as above said, theories that describe urban growth as a reaction to movements of people in search of consumption or lifestyle preferences can be challenged on the basis of their assumptions about human behaviour, as well as their silence with respect to the geographies of production and

labour. Arguably, a more effective line of explanation should link urban growth directly to the economic geography of production and must deal explicitly with the complex recursive interactions between the location of firms and the movements of labour. While human actions always shift patterns of opportunities, they are also always played out in the context of pre-existing sets of opportunities, as well as in the context of many intertwined preferences within the consciousness of any given individual. Among the preferences in addition to those for amenities—generally construed—that play a role in individuals’ locational decisions we must surely count those for relevant employment and remuneration (Storper and Scott, 2009).

Creative ecosystems and hubs

According to Porter (1998), geographic proximity might improve communication between, reputation and trust between firms, and these elements are key to understanding the behavioural dynamics of cooperation, collaboration and competition (see also Scott, 2008, 2012; Brandellero and Kloosterman, 2020). Likewise, Snow (2015) argues that the level of trust and commitment between the parties to a relationship, and the motivation that excites a particular behaviour, underpin these dynamics.

As creative industries rely on cooperation and networks, they tend to congregate in places with a higher concentration of other creative businesses, talented people and institutions that combine knowledge and resources. Therefore, creative eco-systems, creative hubs and clusters are particularly relevant for the industry. Europe's most important clusters in creative industries are based in national capitals and large urban regions such as Oslo og Akershus; Île de France, Inner London or Oberbayern (Ketels, 2014), the Dutch Randstad (Kloosterman, 2004), but are also of importance for European regions and regional development.

Due to the positive effects on innovation and competitiveness (see Porter, 1998), as well as the flourishing of regional economies (e.g. Ketels, 2012), cluster initiatives have become an essential tool for policy makers supporting CCS (Schmidt & Brinks, 2017). It has been stressed that collaborative spaces or creative hubs play an essential role within CCS in fostering experimentation, innovation and entrepreneurship, offering ideal environments for multi- or mono-disciplinary partnerships between CCS, businesses, universities and research institutes (European Commission, 2011a). The European Commission encourages regions and Member States to adopt smart specialisation strategies¹⁷ that also integrate creative industries and clusters are a key element of the strategies. In addition, the European Creative Industry Alliance (ECIA) policy initiative has included two cluster actions ("ECCL" and "Cluster2020") that are designed to better support creative industries through the development of cluster excellence and collaboration. The actions develop new approaches for better cluster management, including tailor-made training, coaching and mentoring of cluster managers, and matchmaking events between creative industry clusters.

In addition to clusters, increasing attention has also been paid to European creative hubs. A creative hub is defined as an infrastructure or place that uses part of its rentable or available space for networking, organising and developing business within the cultural and creative industries sectors. A

¹⁷ <https://s3platform.jrc.ec.europa.eu/en/home>

distinction can be made between space-based hubs (studios or centres) and place-based hubs (clusters or networks). There are a variety of creative hubs run by private or publicly funded companies and about one third do not receive public funding. Creative hubs help enterprises to connect and sustain the local creative economy. At the same time, evidence on their impact has been cited as a research gap.¹⁸

Collaboration with customers / end users / audiences

In addition to collaborating with other companies to provide goods and services together, the specific nature of creative industry products often calls for a close relationship and cooperation with their customers as well. Creative industries often develop new and unconventional solutions specifically tailored to the needs of their customers. Study results show that the vast majority of creative enterprises tailor products and services individually to each client and also work together with their clients on projects (Voithofer et al., 2010). This latter consideration finds its origin in the evolution of the post-Fordist industries with the introduction of the 'flexible specialisation', or craft production, based on skilled workers producing a variety of customised goods whereas on a standardised production. In fact, the main aim of post-Fordist industries was to generate profit by building on new knowledge and creativity through the improvement of the flow and exchange of information and creativity.

Flexible specialisation allows opportunities to reduce the pressure and uncertainties of demand that can emerge in the crisis (the Covid-19 has been an example), even if on the other side it does not rely on a stable market demand. Storper (2009), for instance, stressed that flexibly specialised industries can be marked by changing market tastes, more complex and frequent decisions in product development, and competition and cooperation between firms in the sector. This has led to the production of highly differentiated, so-called creative goods for a continuously changing consumer taste in the market, and firms have tried to adapt to changes more quickly and more reactively (Campbell, 2005). The existing production system has simply been to provide flexible goods in relation to the use of flexible and multi-purpose production techniques. These techniques had altered the production process and necessitated more complex and frequent decision-making in product development, so that a skilled workforce and creative workers replaced the Fordist production system. In addition, this transition has made it possible to realise competition and cooperation between enterprises through creativity and innovation in industries.

2.2 R&D / innovation

The core strengths of CCS are mainly related to the areas of innovation, cooperation, as well as human resources, economic viability (regarding new distribution models) and infrastructure. CCS have been shown to initiate spill-over effects on other industries and are therefore able to act as catalysts for innovation across the economy. Companies in the creative industries support their customers in a variety of innovation activities: from new idea development, research and development, product

¹⁸ ECBN / British Council / Addict, 2015 <https://www.ecbnetwork.eu/europes-creative-hubs-mapping/>

design to market launch and marketing concepts.

Creative industries are among the most innovation-driven in the economy. Their business models consist of developing new innovative ideas and turning them into commercial products for their customers. The non-standardised nature of their products is closely linked to innovation (Scott, 2000). Innovation and new creative products in CCS often occur in the framework of collaboration, flexible networks and temporary project-based cooperation (Caves, 2000). The distinct market structure of CCS, characterised by "coopetition", networks and clusters (see previous section above) is therefore directly related to the innovative capacity of the sector. Functioning networks provide CCS firms with the possibility to constantly produce and assimilate new ideas (Falk et al., 2011). Collaboration and linkages between CCS and other enterprises play an important role in CCS innovation processes.

Moreover, the innovativeness of CCS is also enhanced by a particularly fluid labour market and a high level of worker mobility. As creative production and distribution increasingly rely on information and communication technologies and creative professionals from all over the world participate in joint projects, networking becomes an integral part of the creative value chain. Specifically important for knowledge transfer and spillovers are B2B connections within the creative industries (Bakhshi et al., 2008). Innovation in CCS, thus, takes place in complex and multidimensional creative 'ecosystems' and value chains.

Several studies show that the innovation performance of CCS enterprises is above average (Falk et al., 2011; Bakhshi et al., 2008; Rammer et al., 2008). CCS outperform most other sectors in terms of developing and introducing new products and services and also engage in research and development more frequently than the general economy. (Bakhshi et al., 2008; Rammer et al., 2008)

However, the innovativeness of CCS differs significantly between sub-sectors. While 50% of consulting and software supply firms and 25% of architecture firms have launched new or considerably enhanced products and/or services, the percentages for advertising (20%) or publishing (20%) are closer to the average among non-creative services (13%) and non-creative manufacturing sectors (20%) (Falk et al., 2011). The traditional manufacturing- or technology-based concept of innovation often fails to capture and monitor the innovative nature of CCS, for instance the artistic value or culture based-creativity – a new style of music, dance, theatre, painting typically cannot be patented in contrast to many new technological innovations.

Creative industry firms are not only innovative in themselves and within their sector, but also produce economic and social innovation in the broader economy (e.g. in tourism, public services, health care or construction) (see e.g. Bakhshi et al., 2008). Their catalytic power can be a resource for answers to major societal challenges, such as climate change, sustainable development, demographic change or cultural diversity (European Commission, 2012b). Artforms and experiences created by CCS stakeholders tell the stories of human experiences and can bring people together to work through changes or painful moments such as #MeToo and the Black Lives Matter movements across the globe.

Cultural and creative industries might also stimulate innovation and cause spill-over effects along the entire value chain: they foster innovations in their client companies ("forward linkage effects"), but also demand more innovative products and services from their providers ("backward linkage effects"). Creative industry firms help their customers to introduce innovations - for instance by finding new ideas, supporting the market introduction and implementation of new products, or even planning new

products (Rammer et al., 2008). The supply chain forward linkages of CCS can support the broader economy by directly bringing artistic and creative inputs to the innovation process, and by transferring knowledge and new ideas (Bakhshi et al., 2008; Arndt et al., 2012). Creative industry firms also cooperate with scientific organisations and engage in R&D cooperation. As they are science-oriented and employ a high proportion of academics, they play an increasingly important role in transforming the results and methods of scientific research into commercial products (Rammer et al., 2008). In addition, CCS are close to their customers and can easily capture and interpret market trends.

Innovation in the creative industries is very often also closely related to digitisation and the rise of new ICT tools. ICT plays an important role in spurring the development of new products, services, distribution channels and business modes. The use of ICT has an impact on all phases of the production chain: design, production, distribution, and in archiving by providing access to the public and involvement in public/market feedback (Cunningham, 2012).

Creative industries are considered as the "forerunners of our emerging digital society", as they are often the first to adopt new service models and technologies. The cultural and creative sectors have been among the industries with the most important transformation processes caused by digitisation - impacting on business models, consumption patterns and content production methods. (Lhermitte et al., 2014).

Clustering (creative hubs, labs, creative quarters, etc.)

Over the last decades, among several factors contributing to the growth of cities, the CCS has been identified as a meaningful driver. A first framework to understand the connection between creative industries and cities was that of clusters (Scott, 2000). In the 1990s, the idea of clusters was strictly linked to the one of competitive advantage model where the latter was depending less from lower costs and production efficiency, rather it had to do more with elements that foster productivity growth and innovation over time (Flew, 2010). More specifically, the relationship occurring between particular geographical locations and an array of supporting industries plays a fundamental role. In fact, spatial agglomeration or clusters of industries have been seen as able to enhance innovation and information flows, networks of interactions and relational ties among different but geographically proximate industries (Scott, 2000, 2004). Economists, such as Alfred Marshall, have posed that clusters in general produce positive spillover effects deriving from both the specialisation in particular location and from the diversity of cities themselves (Marshall, 1890/1990). This is particularly true when it comes to cultural and creative clusters (Hutton, 2015). As Scott argues, the cultural economy now appears to be entering a new phase marked by increasingly high levels of product differentiation and polycentric production sites (Scott, 2017).

Thanks to their diversity of industries, forms, workforce and skills, cities can actually become centres for coordination (and attraction) of diverse knowledge flows, skills and innovative forms of entrepreneurship. Furthermore, a positive correlation between cities that are financial and services centres and the arts and entertainment industries can be found: on the one hand because it is easier to access cultural services from these centres and on the other, because they have a higher rate of cultural consumption.

In addition, since the last century, a growing interest has been addressed to the rise of creativity as a motor of cities development. Starting from Richard Florida's assumptions on creative cities, creativity has become “the most highly prized commodity in our economy - and yet is not a commodity” (Florida, 2002,5). In fact, cities can be considered as hard infrastructure of CCS, as they are typically where the head offices of the major industries are placed and where public funds are more massive (Landry, 2000).

However, the relationship between cities or geographical areas paves the way to some interesting reflections on industries’ clusters and their nature: in fact, there are two examples of clusters; a first one that considers a number of firms located in the same industry (this is the case of horizontal clusters) and those located in areas where both buyers and suppliers are to be found (vertical clusters).

Some examples of creative cities

Culture and creative cities have been prominent on the agenda of EU policy makers. They have been identified according to 3 main facets connected to 9 dimensions and 29 indicators (Cultural and Creative cities’ monitor, 2017). The three main facets are: cultural vibrancy that measures the cultural ‘pulse’ terms of cultural infra- structure and participation to culture; creative economy that grasp the cultural and creative contribution to city’s employment job creation and innovative capacity and the enabling environment that is the ability to take the most out of tangible and intangible assets to help cities to attract creative talent and stimulate cultural engagement.

Figure 1: Cultural and Creative Cities Monitor conceptual framework



Source: “The Cultural and Creative Cities Monitor’s conceptual framework”, JRC, 2017

The Cultural and Creative Cities Monitor is an attempt to bridge the extremely diverse demographic, socio-economic and political features of the said ‘creative cities’ in Europe by adopting a pragmatic approach (JRC, 2017). Selected cities analysed by the monitor either host or support international initiatives aimed at promoting arts, culture and creativity coming from artists, creative professionals and the related CCS (European Capital of Culture, UNESCO Creative Cities Network or international cultural festivals).

Below we present a few cities analysed in the Monitor.

Table 1: Three dimensions of cultural and creative cities

	Cultural Vibrancy	Creative Economy	Enabling Environment
Paris	Paris seems to be very proactive for the significant number of sights & landmarks, cinemas, concert & music halls, theatres and cinema attendance and comes second on museums and art galleries.	Paris registers a high evaluation on jobs creation in the cultural and creative sectors, and on innovation outputs, namely Community design applications and ICT patent applications.	Paris has a high number of graduates in arts & humanities, graduates in ICT and average appearances in university rankings as well as on the Accessibility by rail indicator.
Munich		Munich is considered a creative city with a high rate of creative economy mostly thanks to its competitiveness on Jobs in new media and communication enterprises and more in general in the creative sectors and in new enterprises in other creative sectors. Munich is promoting the development of contemporary art through the creation of specific creative quarters for the rise and production of creative industry actors.	
Milan	Milan is third in 'Cultural Vibrancy', after Paris and Prague. In particular, Milan takes first place for the number of visitors to museums (per 1,000 inhabitants). On the	Milan is second after Paris for employment in the art, culture and entertainment sectors (per 1,000 inhabitants).	Milan is in third position after Paris and Barcelona in human capital and in particular ranks second in the number of graduates in art and humanities. Third position also in local and

	cultural offer, Milan is in third position for theatres, museums and monuments.		international mobility, after London and Cologne. In particular, Milan is second after London in the number of air flights accessible within 90 minutes by road.
Copenhagen		<p>Copenhagen is first on Jobs in arts, culture & entertainment, third on Jobs in media & communication and second on Community design applications.</p> <p>Copenhagen being Denmark's capital has an international outlook. By fostering creative industries and activities Copenhagen has branded itself as Scandinavia's design and creative industry leader for the purpose of regional economic competition.</p> <p>Nowadays Copenhagen has many internationally recognised brands ranging from apparel to architecture/urban design firms. Indeed, creativity as economic development has been used by the Danish government as a way to create a regional identity.</p>	<p>Under 'Enabling Environment', it ranks first on People trust and Accessibility by rail, second on tolerance of foreigners and third on average appearances in university rankings.</p>

3. Platformisation, concentration and disintermediation

In the fragmented CCS landscape, the digital age has brought an important transformation: major platforms are progressing towards becoming the dominant players notably in the audiovisual sector, news media, music landscape.

The emergence of new online business models and in particular online platforms (e.g. search engines, social media, e-commerce platforms, app stores, price comparison websites), has impacted the CCS at various stages of their production networks. It is thus considered a central issue regarding the future development of both CCS and the economy in general. Indeed, many new players are emerging, although often they do not have a disruptive impact on the structure of the value chain but rather partially replace traditional players.

Online platforms have evolved into major players in the distribution of content, including copyrighted content, and products. Indeed, they act as intermediaries between final consumers and the 'classic' creative industries, e.g. film production companies and thereby they also monitor the way in which certain actors in the value chain are remunerated. At the same time, online platforms allow content creators to touch a wider, more dispersed audience and help enable small businesses to move online and reap the benefits of digitisation and e-commerce.

However, as highlighted in the Digital Single Market Strategy,¹⁹ the market power of some online platforms highlights certain challenges, in particular in relation to the most powerful platforms (typically run by high-tech firms from the US) whose importance for other market participants is becoming increasingly critical.

Several issues characterise this new platform market: on the one hand, concerns related to the behaviour of platforms imposing unfair terms and conditions, and the refusal of platforms to access important user bases or databases, incurring unfair behaviour with detrimental effects on the consumer, as well as transparency issues - in particular on platform fees, data usage and search results. In addition, online platforms generate, accumulate and control a massive quantity of data about their users and customers and employ algorithms to transform it into exploitable information. Because of the amount of data they store and transmit, platforms have also become particularly important in terms of IPR protection of the content they store and transmit, and the question of their liability is at the centre of an ongoing debate.

The emergence of platforms has been accompanied by a wave of innovation, developed by third parties using the platforms, as well as by the platforms themselves. However, platforms may also leverage their economies of scale or market power in adjacent markets, leading to reduced innovation by third parties in the long run. This ambiguity in the relationship between platforms and innovation

¹⁹<https://ec.europa.eu/digital-single-market/>

fosters the tendency not to prevent or penalise the domination of online platforms, as dominance is based on innovation and can be challenged by potential competitors.

The emergence of platforms has different impacts along the value chain and affects different segments of the CCS differently, being relevant for instance for the audiovisual, music and publishing sectors, although to different degrees. This evolution has given rise to two distinct trends called disintermediation and concentration.

The process of disintermediation deals with changing the players' value chain, rather than reshaping it (e.g. mobile gaming, where games publishers become less relevant whereas they are the key players in the traditional VG value chain), but is more about "shortening" the value chain.

Cultural and creative domains that are characterised by relatively simple production processes are more affected by a trend of disintermediation/re-intermediation, where new intermediary actors (mostly online platforms) become more important in the value chain and can gain a dominant position.

Disintermediation is being increasingly recognised as an attractive way for creators to overcome possible market and income imbalances and to secure fairer remuneration. A growing number of creators are assuming full responsibility for creating and producing their own works and distributing them further, so replacing traditional players in the value chain. This enables them to: -reduce the filtering of content by other actors such as distributors and decrease the asymmetry of information, to lower the number of intermediaries and costs, to build a different relationship with the public, based on a greater involvement of users and on co-creation.

Disintermediation thereby entails lowering entry barriers for creators. Simultaneously, it brings about an increase in competition as well as greater pressure on creators to become "creative entrepreneurs" and take the initiative in innovating their business models.

To be successful in the digital ecosystem, creators have to transform themselves into polymaths (KEA, 2009) and manage an ever more diverse mix of skills. To be more autonomous, artists would need to blend their talent and creative skills with business, technical and social competences. Training often does not address these issues and creators have to rely on learning-by-doing mechanisms or outsourcing, since they have to dedicate their limited time to focus on their core artistic activities. A further obstacle is limited access to funding and knowledge of opportunities in foreign markets.

More broadly, a disintermediation in the value chain can be observed. Today, game developers are not always dependent on publishers. The emergence of digital platforms has allowed game developers, especially in the mobile division, to bypass publishers and distribute their product directly. Crowdfunding now makes it possible for developers to finance certain types of games and software from the 'crowd' rather than from publishers (De Voldere et al, 2017).

The concentration trend, instead, underlines the dominant position of large non-EU players (e.g. GAFAM) against smaller EU CCS players, especially in the platform and streaming economy. The position of dominant players is also visible in R&D and innovation. Large technology companies from the US and Japan are main players in the CCS in Europe, especially media and content industries, where they

dominate most of the downstream value chains.²⁰ They are also present upstream as some of them are content producers or creativity-related technology producers, whose (patented) products are used by the CCS.

A recent report by the French Ministry of Culture notes that, although the internet has made available a diversity of works in the country, it has also led to a concentration in the consumption of books, music and films, benefiting works at the top of the charts while unknown works have remained unknown to users. (Ministère de la Culture et de la Communication (2020), Chiffres clés de la culture et de la communication 2021). This highlights the limitation of algorithms and online disintermediation for cultural creators to thrive in the digital scene and the increasing importance of online curators (“influencers”).

Concentration is also taking place through the domination of large players in the European market against small CCS operators. Alongside the micro and small independent entities flourishing on the web, large companies are restructuring in an attempt to counterbalance the market share of large platforms. This can be observed in the publishing sector, in Spain, for example, where the economic crisis has recomposed the market with large publishing groups absorbing medium-sized companies. The market share of the two main groups (Planeta and Penguin Random House) thus increased from 22.7% in 2008 to 32.1% in 2016 (Spanish Ministry of Culture and Sport, El sector del libro, April 2018).

In the music industry, independent record companies are increasingly acquired by the three major companies (Universal, Sony, Warner) which are also controlling the edition and distribution markets. In 2018, the three majors had a combined market share of more than 80% (including distribution), with up to 95% for Top 100 on radio in Europe (IMPALA European Music Market Statistics²¹). The majors are responsible for 87% of content available on Spotify (Mansoor Iqbal, ‘Spotify Usage and Revenue Statistics’, Business of Apps, 10/05/2019²²), the largest music streaming platform in the world (Research for CULT Committee - Culture and creative sectors in the European Union – Key future developments, challenges and opportunities, 2019). The live music industry also shows concentration trends as big ticketing players benefit from price setting power. The interview with music stakeholders revealed that only a small fraction of companies present on the streaming market takes the majority of revenues. Indeed, as major music companies produce the majority of top hits, they consequently gather the largest share of revenues generated on the streaming market. This is reinforced by the current pay-per-stream model of streaming platforms such as Spotify whereby short repeatable soundtracks have the ability to generate more revenues (Research for CULT Committee - Culture and creative sectors in the European Union – Key future developments, challenges and opportunities, 2019). In Finland, for instance, under the current model, the top 0.4 percent of tracks accrued about 10 percent of 2017 royalty revenues. In the audiovisual sector, the situation is similar.

With regards to the European Subscription video on demand (SVOD) market, this latter is dominated by the two biggest digital players: back in 2018, Netflix and Amazon Prime covered 63% of total subscription

²⁰ IPILG.I.E.2021, Creative FLIP Final Report, Work Package 4 Patenting, Brussels

http://creativeflip.creativehubs.net/publications/Creative%20FLIP_Final%20Report_WP4%20Patenting.pdf

²¹ <https://www.impalamusic.org/node/9>

²² <https://www.businessofapps.com/data/spotify-statistics/>

streaming. If initially most of the users registered were American, the growth in the number of Netflix subscribers continues also outside the US, particularly in continental Europe. Over the course of this year, the number of Netflix users on the continent is forecast to reach 66.89 million, achieving an overall growth rate of 13.7% compared to 2020 figures (58.83 million European users). The growth trend in Europe is estimated to continue until 2026, when the streaming platform is expected to reach 86.2 million users.²³ With regards to Amazon Prime Video, the number of subscribers has increased by 25% (50 million) over the past year, reaching 200 million Prime members, for a total in 2020 of US\$126 billion of value creation²⁴. Due to this phenomenon, the European Audiovisual Observatory monitors, on an ongoing basis, the composition of video on demand catalogues (VOD), for films or TV content – a key topic as European audiences consume more video on demand (Yearbook 2020/2021 Key trends television, cinema, video and on-demand audiovisual services, Council of Europe) with the aim of ensuring the platforms contribute to European production by adapting the legal and financing ecosystem. The platformisation trend and its effects on the creative production networks, including on the power dynamics, the embeddedness in local, national and transnational content creation ecosystems and the social, economic and cultural impact is and will remain a topical issue for the EU, both at industry and policy levels. The field of CCS is reorganising to compete with major platforms, notably in audiovisual with initiatives such as the grouping of Nordic television broadcasters into ‘Nordvision’ a tv and media partnership to strengthen Public Service Media in the Nordic region and create original content.²⁵ This point also touches upon regulatory issues, notably competition policy to enable the forming of European large-scale operators.

²³ <https://cineuropa.org/en/newsdetail/406353/>

²⁴ <https://www.digitaltveurope.com/2021/04/16/amazon-prime-at-200-million-subscribers/>

²⁵ <https://www.nordvision.org/samproduktioner/nordic-drama/>

4. Organisational structures of cultural and creative sectors and the global production network approach

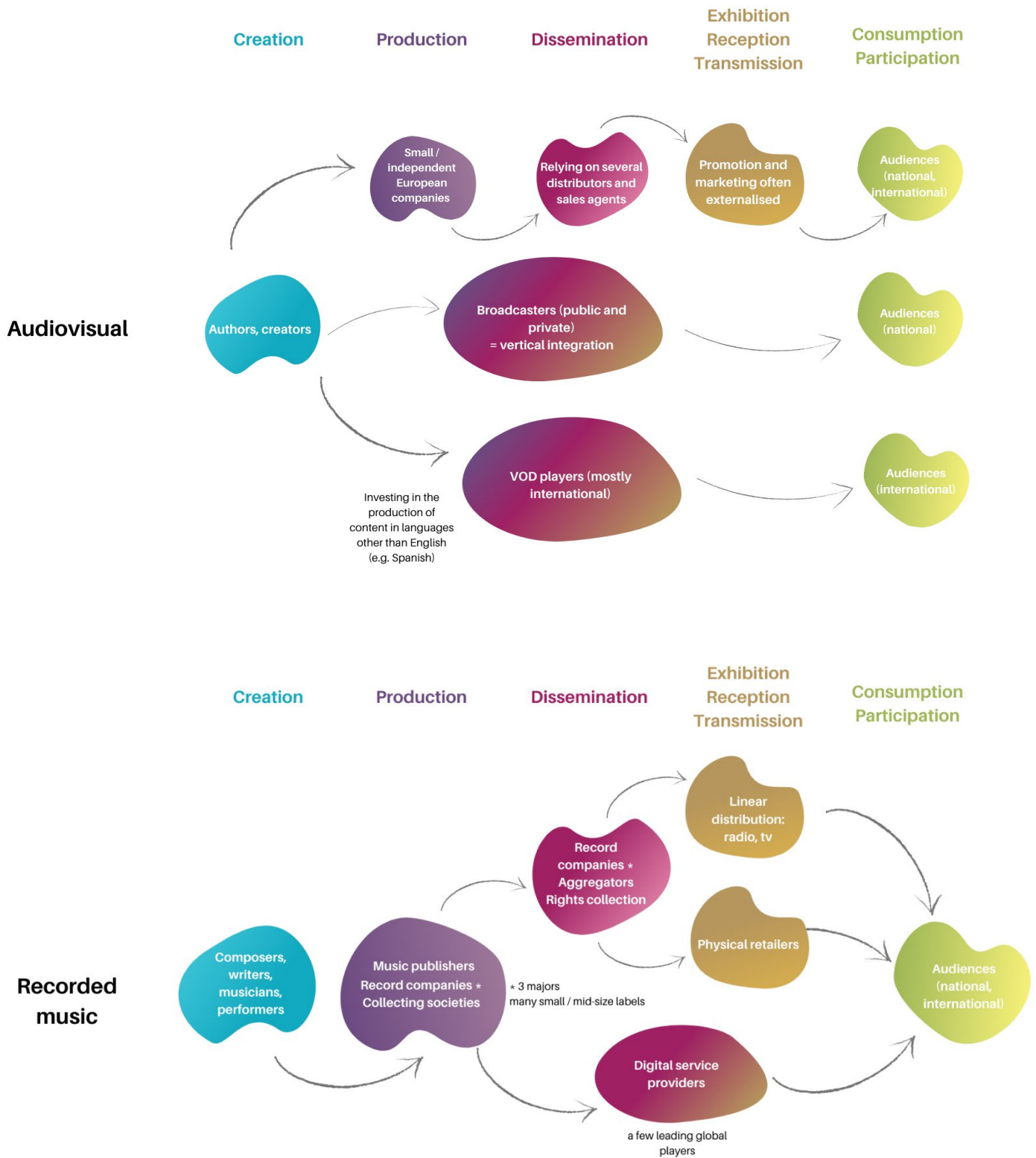
Organisational structures impact the way CCS produce and interact with other businesses, sectors and customers/end users/audiences, as well as they shape the places and ecosystems where they are located and where they operate. The various aspects of the organisational structure of CCS enable us to better understand the underlying dynamics of the production networks and the specificities of this field. Using the GPN lenses to observe the structures and movements of the CCS helps raise awareness on the policy implication of shifting power distribution in the industries as well as the social, economic and cultural impact of their activities at various territorial levels.

New trends linked with the digitisation and integration (vertical or horizontal) of certain parts of the GPN in some sectors (in particular in audiovisual, music, news media) highlight the transformation of relationships across the GPN. Whereas small independent players used to deal with other specialised agents for the distribution and the marketing of cultural and creative content, the rise of large platforms, increasingly integrated challenges the model and is leading to new interactions between large and small players, co-productions between independent producers and Netflix or Amazon Prime for instance.

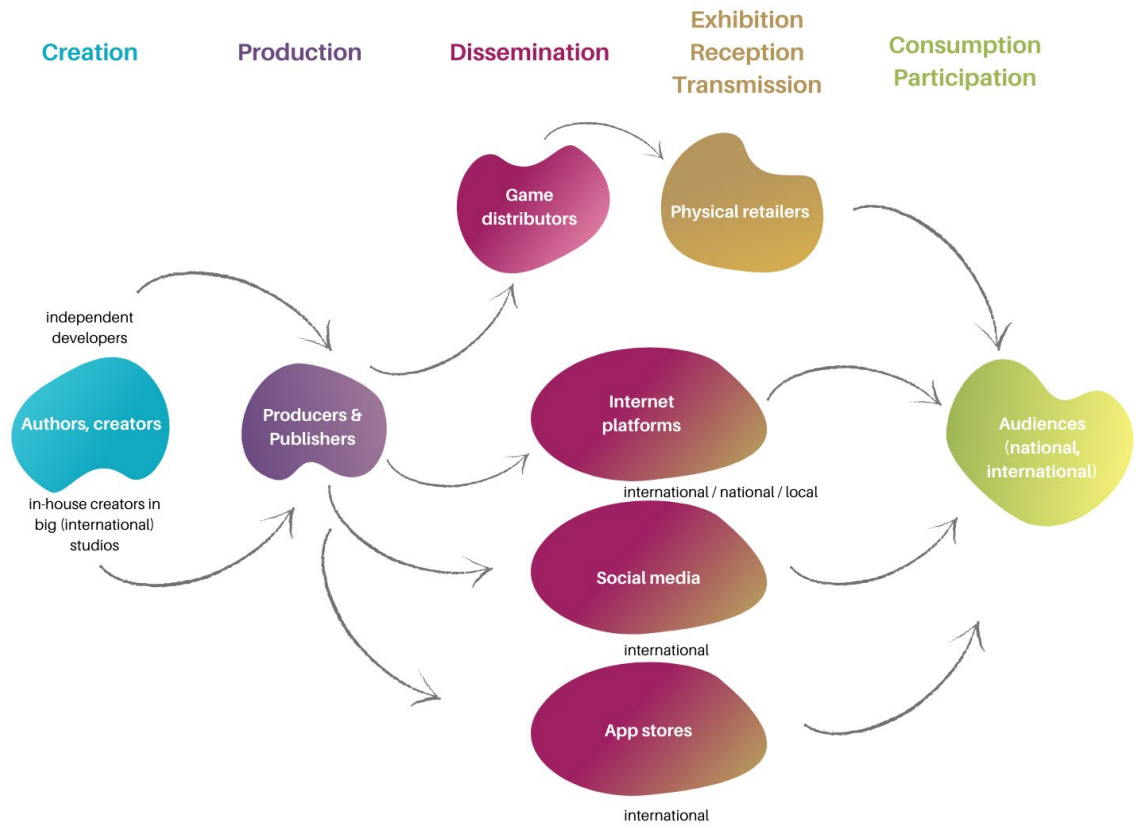
Another interesting and related trend in relation to the geography of the GPN is that such platforms no longer produce in their home country for the world (like the Hollywood model used to do) but produce in the world for the world, for instance investing in locally produced content in languages other than English for their global platforms. In GPN terms, the creation and production phases may be located in a different country than that of the distribution phase. This implies the use of local subcontractors to create content for their own national markets. The issue, then, is to what extent the created economic value is indeed captured by these local CCS instead of being creamed off by the large (non-EU) platforms.

An attempt to represent the interactions between firms as well as their size and geographical embeddedness across the GPN for various types of CCS organisations is presented below (see pages 28-39).

Figure 2: Relationships across the GPN stages in a selection of sub-sectors



Video games



5. Concluding remarks

Above we have summarised the current state of research on the characteristics of the CCS in terms of business size and organisation in sector and cross-sector production networks as well as to put it in perspective using the GPN approach in order to cast a new light on the market trends and dynamics inside the networks. The series of reports from the CICERONE project's work package 3 will eventually inform European, national and regional policy frameworks for the CCS (and the wider economy) to better grasp the challenges of the new and emergent organisational and governance forms of the creative economy.

Several important observations can be made. First, CCS in Europe are constrained by the very fact of their fragmentation (both on the demand and supply sides) to engage in forms of collective action. Being formed by a myriad of small and medium-sized players, largely characterised by precarious, short-term, part time working conditions, make it hard for the CCS as a whole to speak with one voice. However sub-sector based European, national and local based networks exist and have played an important role notably during the COVID-19 pandemic to get the CCS on the support agenda. What is more, the CCS' working logics is based on collaboration and projects, trusted relationships and common language (if not values) which open potential for fostering more overarching forms of collective action or representation based on existing – local or European – collaborations.

Second, two axes seem to shape current collaborations in the CCS: place-based clusters and sector-based (cross-border) platformisation. Place-based clusters and by extension creative hubs and creative cities are highly related to local and national policymaking, making culture and creative sectors an argument for territorial attractiveness as much as advocating for their social and economic benefits on the urban fabric. At the European level and in relation to platformisation, digital, copyright and competition policies are particularly instrumental in setting market field for CCS. The market power of global stakeholders brings about specific challenges, not only in economic terms (market share and power distribution) but also in cultural terms for the EU to be able to defend and promote its cultural diversity. This is why being informed about organisational structures and dynamics of the CCS are strategic to European policy making, for the continent to be in a position to support and nurture innovation, job creation and reap societal benefits from the CCS.

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