

# News Brief

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## Creative Industries in Berlin

### 1. Definition

Creative industries include the commercial sector, and thus all companies and self-employed people who produce, market, distribute or trade in cultural goods, as well as those who carry cultural goods which are organized in a private legal structure and are meant to yield profit. Commercial sections of publicly financed cultural institutions such as museum shops and cafés are also part of the creative economy's business sector.

The enterprises, self-employed businesspeople and institutions listed here are the chief protagonists in creative industries.

Submarkets	The self-employed and Freelancers	Companies	Institutes
books and media	writers/ authors/ journalists/ press photographers	book publishers/ printers bookstores	libraries archives
film and television	actors/ presenters	film production companies/ distributors cinemas/ radio and television broadcasters	film archives film museums
art market	painters/ designers	galleries/ commercial art	art exhibitions
software development/ data bank services/ telecommunications	Web designers	software companies data bank providers telecommunications providers	
music	composers/ musicians/ sound technicians	instrument manufacturers specialty music shops/ music publishers/ promoters/ clubs	opera and concert houses
advertising	commercial artists/ copywriters	advertising agencies/ distributors of advertising media	
architecture & cultural heritage	restorers/ architects/ urban planners	architects' agencies	museums
performing arts	stage artists/ performers/ dancers	musical theatre/ variety theatre	theatres

To date, no binding definition or unequivocal classification of the term creative industries exists, either in Germany or abroad. In order to facilitate international comparison, the *Land Berlin's* definition of creative industries is based on the classifications of Vienna and London.

## 2. Data on Berlin's Creative Industries

### An Overview of Creative Industries

Over 21,000 creative enterprises, predominantly SMEs, earned over eight billion Euro in total revenue. This means companies from Berlin's creative industries bring in around 11% of Berlin's gross domestic product. With approximately 100,000 employees contributing to national insurance, creative industries are pertinent to Berlin's job market. More than 8% of those employees who are required to pay national insurance contributions (excluding freelancers and independent contractors) work in the various submarkets of the creative economy.

Within the creative economy, the core creative sector (in the narrower sense) and the entire value chain (in the broader sense) in each branch are differentiated.

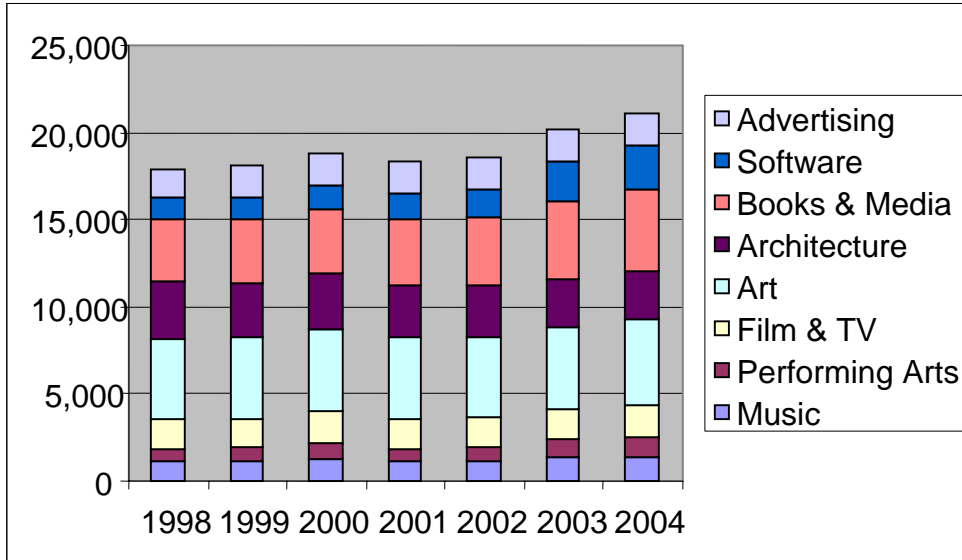
The chart below illustrates the distribution of revenue, companies and employees in creative industry submarkets as well as what share the principal creative sector has of each submarket.

<b>Creative industries in the broader sense 2004</b>	<b>Companies</b>	<b>Core creative sector in %</b>	<b>Revenue in thousands of euros</b>	<b>Core creative sector in %</b>	<b>Employees</b>	<b>Core creative sector in %</b>
Books and media	4,721	76	1,653,038	32	18,578	54
Film and television	1,750	89	1,298,947	57	11,905	87
Art market	4,952	65	1,036,397	39	12,333	16
Software/telecommunications	2,467	100	1,408,907	100	20,925	100
Music	1,430	72	1,111,688	49	6,211	67
Advertising	1,860	100	765,858	100	5,923	100
Architecture	2,780	100	435,046	100	18,630	100
Performing arts	1,137	64	370,523	46	4,884	79
<b>Total</b>	<b>21,098</b>	<b>82</b>	<b>8,080,404</b>	<b>62</b>	<b>99,389</b>	<b>76</b>

Source: Statistisches Landesamt Berlin/ Diagram: SenWAF

### Trends in Number of Companies

In 2004 most creative industry enterprises operated within the art market (24%), books and media (22%) and the architecture submarket (13%). Along with other factors, the art market's strong standing can be explained by the large number of designer studios and independent visual artists.



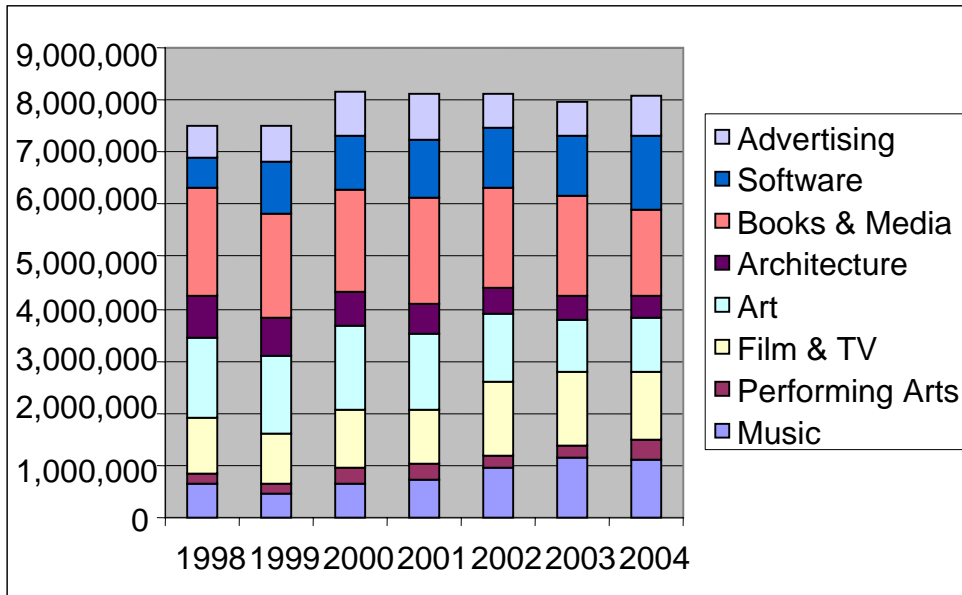
Figures: Statistisches Landesamt Berlin/ analysis & diagram SenWAF

The number of companies grew by nearly 4,000 (approx. 18%) between 1998 and 2004. The submarkets software (+ 1,280 companies/ +109%), media and books (+ 1,120 companies/ +31%), film and television (+ 312 companies/ +25%) and music (+ 300 companies/ +26.5%) registered particular growth while the number of architectural firms decreased considerably.

Berlin has Germany's highest density of independent artists, 6% as a share of the population. The number of artists in Berlin has gone up 40% since 2000.

### Sales Figure Trends

The submarkets with the highest turnover included books and media (€1.6 billion), software (€1.4 billion), film and television (€1.3 billion) and music (€1.1 billion). Since 1998 creative industry revenues have increased by 8% (over €600 million) to exceed €8 billion.



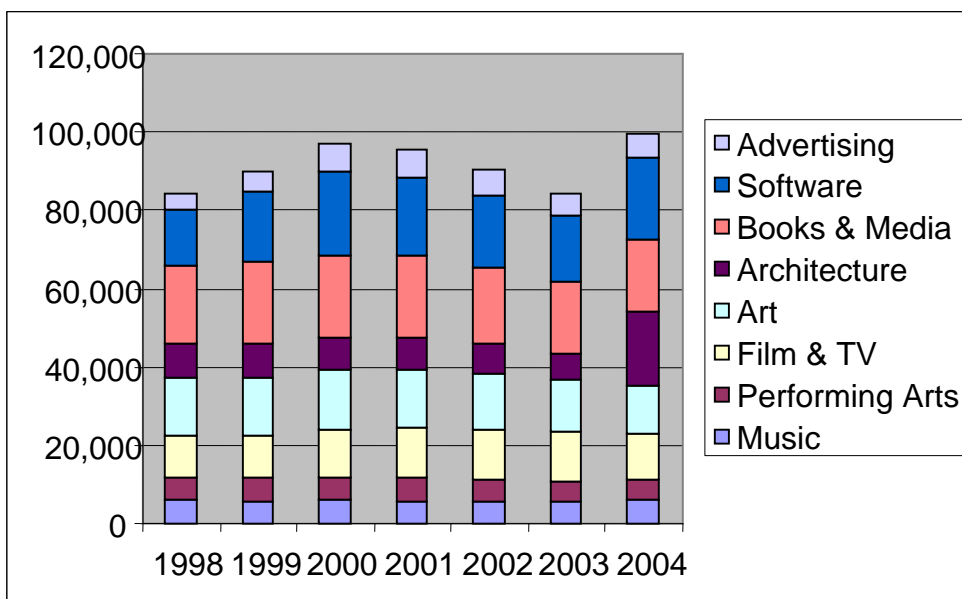
Figures: Statistisches Landesamt Berlin/ analysis & diagram SenWAF

### Trends in Employment Numbers

The software sector is among the submarkets with the most job potential (approx. 21,000 employees paying national insurance), followed by the book and media industry, architecture firms (each around 19,000), the art market and the film and television industry (approx. 12,000 each). **The number of employees in Berlin's creative industries who are required to pay national insurance rose around 18% (more than 15,000 employees) between 1998 and 2004.**

Companies in the software branch (+ 6,500 employees), advertising (+ 2,000 employees) and film and television (+ 1,300 employees) in particular added a significant number of new jobs.

In 2004 the proportion of women in creative industries was around 52%. The art market (76%), advertising and books and media (54% each) achieved the highest female employment rates.



Figures: Statistisches Landesamt Berlin/ analysis & diagram SenWAF

### 3. Berlin's Creative Industries Initiative

The Creative Industries Initiative, launched in mid-2004 by the Senate Department for Economics, Labour and Women's Issues and the Department for Science, Research and Culture, examines problems and potentials of the creative economy, highlights interfaces between creative industries and culture and develops and implements comprehensive solutions for funding culture and promoting businesses.

Berlin's creative economy is experiencing above-average growth in a variety of economic areas, in particular among those working independently in the cultural sector, but also regarding turnover and salaried employees in many branches. The creative economy's creative core along with the other value-added stages of production mean a high quantity of full and part-time jobs, a multitude of freelancers and thus a positive effect on employment. [The jump in salaried employment in Berlin's creative industries contrasts with cuts in permanent employment across the nation and in many other German cities.](#)

Many young and small companies shape Berlin's creative economy. Flexibility and innovativeness are their distinguishing qualities. These enterprises accelerate economic structural change and create new employment opportunities.

In the end, cultural industries are crucial factors in the capital's image and its location appeal, above all for the tourist sector (now over 13 million tourists annually) and drawing new businesses.

Common problems of creative industries are: low amounts of personal capital, financing difficulty, management deficiencies, poor knowledge of funding programmes and weaknesses in international marketing. Thus far these deficiencies have inhibited the growth and internationalization of small and medium-sized businesses.

Many branches have developed new operating approaches as a result of this analysis.

#### Activities since the Creative Industries Initiative Launch

- Analysing the potential of the creative economy and identifying the economic policy action needed on the basis of Berlin's first Creative Industries Report (Download at [www.berlin.de](http://www.berlin.de)),
- communicating instances of best-practice in creative industries through regular e-news, sector-specific brochures and events,
- UNESCO's Global Alliance for Cultural Diversity designated Berlin "City of Design" in January 2006,
- cooperation with networks and associations such as the Label Commission, the Promoters Association, the specialist German music export agency German Sounds and initiation of the Design Roundtable and the design network Create Berlin, in addition to an array of initiatives in the IT sector,
- cofinancing B2B platforms which unite potential clients and creative enterprises (Media Meets Industry / B2B- days at the DesignMai- Festival / Matchmaking during the musik trade fair Popkomm),

- opening up new foreign markets through company presentations and joint fair stands, e.g. at the music fairs Midem in Cannes and Popkomm in Berlin, at the Moda Donna fair in Milan, the design fair in Tokyo and the Rendez Vous fashion fair in Paris,
- promoting business start-ups through information and professionalization measures, e.g. sector-specific information events with bank representatives and the music convention Music Basics,
- assisting creative industry business start-up centres with acquisition, tendering and creating concentrations of creative industries in the city,
- furthering cooperation between state-funded cultural institutions and creative industries through infrastructure projects like the Berlin Museum Portal,
- establishing Germany's first sales platform for Berlin's design and fashion school graduates at the Berlinomat store; a stage for Berlin design/ setting up a Berlin-wide company to market graduates' collections is planned.
- making existing funding programmes more accessible, like the foreign trade programme for creative industries and developing new credit programmes through the Investitionsbank Berlin,
- intensified tourist marketing of what creative industries have to offer through BTM, berlin.de, shopping guides like Designpole, thematic city tours for journalists and as part of extensive projects like WinterMagic.

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