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The impulse of regional growth in the
creative economy.

An analysis of the creative city of Stockholm.

The case study of Spotify.

Supervisor

Ch. Prof. Lusiani Maria

Graduand

Jacopo Loreto

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ma tra la partenza e il traguardo
nel mezzo c'è tutto il resto
e tutto il resto è giorno dopo giorno
e giorno dopo giorno è
silenziosamente
costruire.

(N. Fabi)

This is for who has believed in me.

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Introduction

In recent years, the debate regarding how the creative sphere could influence the economy, has emerged more and more. The link between creative industries and a specific cultural background, is of crucial importance to processes which affect the whole economic system.

Likewise, the creative aspect in urban cultural policies has enabled the rebirth of the cities' image., considered as liveable areas where culture and creativity match and give birth to socioeconomic developments.

Creativity, in the history, has always been the nourishment of the city. As a marketplace, the turnout of entrepreneurs, artists, intellectuals, students, from different backgrounds, combining, contributed to spread information and innovation along different fields (Landry and Bianchini, *The creative city*, 1998).

That is the reason why, within the city, culture, creativity and innovation are considered main drivers, actors of the evolution of the creative economy; thus, it is interesting to investigate the impulse of a specific area on the entrepreneurial development.

The most relevant research related to the argument comes from Richard Florida's study (*The rise of the creative class—and how it is transforming leisure, community and everyday life*, 2002) in which the American Professor analysed the relevant components of a so called creative city, defined by three peculiar elements: talent, technology and tolerance. Florida (2002, 2012) argues that if cities failed to preserve a liveable and pleasant environment and to facilitate the activities of the creative workers, they would be unlikely to realise high levels of prosperity and economic growth; albeit, the more positivity, tolerance and open to change attitude they are, the brighter the prospects to prosper will be, the more the likelihood to attract the so called creative class (creative and dynamic workers inclined to move, attracted by creative cities) .

We can talk of '*people climate*' and discuss that the more the climate is positive, the more the cities could be funnel for creativity. Moreover, those creative dimensions are strictly related to cultural amenities which stimulate creative expressions, creative conversations and networking opportunities.

Henceforth, this work will investigate if the Florida's thesis could be applicable to specific case, specifically in the creative city of Stockholm which gave birth to an important music industry cluster. The analysis aims at investigating if the Swedish city, considered at the cutting-edge for innovation and economic prosperity, can be considered a creative city, thus whether the city has the peculiarities founded by the creative class of Florida.

The choices of the city of Stockholm relies on its natural futuristic predisposition due to a dynamic cultural background that over the centuries has led to the city between the most innovative cities in the world.

The city relies on knowledge intensive industries (OECD, 2006) and it is the headquarter of innovative companies. The city economy's development depends directly on the urban dimension characterised by an internationalisation which involves citizens, companies and the educational system. A city which can rely on a green environment, a vibrant cultural breadth which promotes social life makes it as an '*attractive, world-class city*'. In accordance with Evans (2009), Stockholm promotion of culture has allowed the city of gaining a prominent place in urban development strategies. Culture and creativity have become the most relevant elements in the local economy's development.

The theme of the research is to find out the possible relationships between the development of the creative city and the entrepreneurial impulse specifically into the cultural and creative music industry.

Amongst the industries located in the Stockholm's cluster, specifically, there will be a case study analysis of Spotify, the most successful music company born within the Stockholm *milieu*. The whole analysis will have as focal point the creative class of Florida to make a parallelism among his theory and our investigation. However, we can debate that finding a direct correlation between the creative class and the entrepreneurial development is not that linear.

Instead, the most important discoveries are related to the study of the city of Stockholm, pulsing core for innovation and creativity. Florida's thesis has been applied for U.S. cities, thus it results different when applied to the European context. Different cultures, different ways of living and different backgrounds might consider a different interpretation to his research. Florida's main theme is that a combination of three different elements arranged together determine the degree of attractiveness of a city. Of these elements, some can be barely recognised in the city of Stockholm where a low population density and a low migration in comparison with other European cities may seem in contrast with the Florida's thesis. Nonetheless, elements like the number of employees that work in the creative class are high and the whole creativity ecosystem is deeply implemented in an open-minded and technology-advanced society. The case of Stockholm will be relevant for its peculiarities: a future-oriented city where creativity follows the pace of innovation where social relations and positive attitude have led to the development of a creative *milieu*. Those elements would be sufficient to support the Florida's thesis, even if the lack of empirical evidences remains.

The whole work has been organised as follows. From the very start, there is an overview of the emergence of the creative discourse by an overview of the frameworks related to cultural and creative industries. Thus, the relationship will be made by the cultural and creative industries and the context where they belong to. Starting from this point, the research will be conducted to investigate the relationship between the economic growth and the creative city with a deep exploration of the indexes for measuring the impact of a creative city overall regional economy. Once more time, Florida's research will be useful through parameters to evaluate the role of the creative city and investigate the development of cultural *milieu*. Then, the whole discourse will be moved to the Swedish creative ecosystem, following a parallelism with the creative class main theme. After an analysis of the Swedish capital city, the study investigates the role of the cultural and creative music industry, formerly at national level, then at creative city level bringing the reader to verify the possibilities of direct link between the liveable and cosmopolitan climate of Stockholm and the increasing expansion of the music companies' agglomeration. To analyse the phenomenon in a deeper way, a case study on the most successful Stockholm music company has been chosen, Spotify, where we would like to trace a correspondence between the 3T's and the explosion of the company, especially related to the technology element.

The whole work presented has been realised through a deep analysis of the research above the concept of creative city (Florida, Landry, Scott, Flew, Bianchini, Grandi, Montanari, Santagata etc.) as well as the use of reports belonging to European Union (*Il libro verde*), to Swedish economy (*Regional Economic Development, Stockholm Business Region*), to music reports edited by agencies (*Global music report, State of the industry overview*).

1. The emergence of the creativity's discourse

In the recent years, the debate around the creative domain has been reviewed from several perspectives. Landry regarding the theme describes *“Creativity whose essence is a multifaceted resourcefulness is a primary asset since human cleverness, desires, motivations and imagination are replacing location, natural resources and market access as key urban resources”* (Landry C. 2010, *Creativity, Culture & the City: A question of interconnection*).

Across the past, creativity was just legitimized within the art constraints. Indeed, creativity was for long time considered as a mysterious process that came out as a stream of consciousness avoiding any form of rationality, usually related to the artists' works of art. *‘The creative process is a process of surrender, not control... Mystery is at the heart of creativity. That, and surprise’*. wrote Julia Cameron (see *The Artist's Way*,1992). Usually the creativity aspect was put in the middle between arts and innovation. Nowadays, numerous are the definitions related to approaches that include broad disciplines and thematic areas apart from arts where creativity is the core.

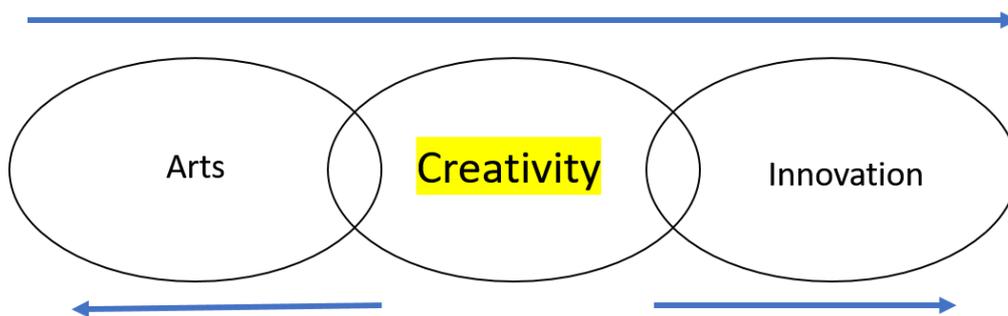


Figure 1. Approach to creativity spreads out both to arts and innovation. Personal adaptation

The first historical intellectual who would have understood the role of creativity in the economy was Joseph Schumpeter, during the first half of the 20th century. He pointed out the idea of *‘creative destruction’* as a process that triggers the development of the economy within countries' boundaries. He thought that the role of entrepreneurs was fundamental at creating a continuous cycle of creation and destruction that would lead, theoretically, to innovative processes, hence, growth. Anyways, the idea of creativity was always related to a process rather than a specific asset belonging to people.

For the very first time, the concept of creativity was analysed by a different perspective as regarding the creation of new forms, technologies and ideas, even with the limitation related to the role of entrepreneurs as unique creative actors (Schumpeter).

In his idea, entrepreneurs are the only ones that push on new products and services with a monopolistic vision that gave incentives to innovate more times, through a continuous process of destruction and creation to be reproducible.

Despite, scholars and academics debate for a long time that creativity should be used in a wide sense so that it could not be limited uniquely to artistic and cultural activities, neither to the entrepreneurial sphere. It is vital to the traditional production processes and economic development of the territory, though.

At the same time, there are specific fields of action considered purely creative, or creative professions opposed to the traditional manufacture occupations. Throughout Montanari's words, creativity is the "*ability to produce new and useful ideas. A first condition, therefore, must be the degree of novelty, its uniqueness and difference in comparison with earlier ideas, solutions, or processes*". (Montanari, 2011)

These processes must produce "*the practical implications, an improvement of the previous situation or the solution of a problem*". Especially, the author emphasizes how the concept has evolved in the last thirty years where the idea of creativity as the result of a mysterious action has been overtaken. Undoubtedly, creativity derives from human being and in this sense, there are numerous studies which have focused on demographic characteristics - personality or individual factors- but always influenced by the context.

Studies and researches on how creativity is the new driver of the present and of the very next era started rising in the early 2000s going at the same speed with the technology advancements and a more informed society.

An *information society*, according with John Howkins from *The Creative Economy* is crucial to the economic growth. He argues in a more captivating way:

[...] as a thinking, emotional, creative being – on a good day, anyway – I want something better. We need information. But we also need to be active, clever, and persistent in challenging this information. We need to be original, sceptical, argumentative, often bloody-minded and occasionally downright negative – in one word, creative" (John Howkins, 2001).

The attention has shifted, therefore, towards a social dimension, highlighting how fundamental are the social relations of the subject with groups and other people. "*According to this perspective, creativity is a social process and, therefore, the characteristics of the relationships*

and bonds in which an individual is placed play a significant role in facilitating or hindering the creative processes of the individual and the group” (Montanari, 2011).

Recalling other definitions of creativity, the *Encyclopaedia Britannica* claims that creativity is the “*ability to produce something new through imaginative skill, whether a new solution to a problem, a new method or device, or a new artistic object or form. The term generally refers to a richness of ideas and originality of thinking*”.

According to Poincarè, creativity matches existing elements with new connections that would result useful. Nonetheless, Franz and Bettedi (2011) try with a mathematic approach; they summarize the idea of creativity with a formula: $C = n * u$ where the creativity (C) is the product of a quantity of new (n) and a quantity of useful (u), which should be present between quantity and new.

This definition does not want to level down the idea of creativity, and indeed seeks to emphasize how “*creativity is a mental attitude and individual and it can take on a social relevance through the cooperation of the individual, and a constant exercise to keep in balance: the randomness (the natural talent and exercise), the reactivity (reaction single and collective problems), the intuitiveness, and perseverance, the creation and management*” (Franz and Bettedi, 2011).

Meanwhile, Grandi (2010) mentioning the thoughts of Newell, Shaw and Simon (1962), let creativity coincides with problem solving when “*the product of thought has the characters of novelty and value; the thinking is unconventional in that it requires modification or rejection of ideas previously accepted; the thinking requires high motivation and persistence, or when it unravels in a considerable period of time (whether continuously intermittently) or when it takes place with a high intensity; the problem was posed in a vague or ill-defined, so that part of the work has become the reformulation of the problem itself*”(Grandi, 2010).

From late 90's onwards, the word ‘*creative*’ became popular in a variety of different contexts. The shift followed the direction of production of culture and creative products and the presence of skilled labour as drivers of the new knowledge-based – creative economy.

The path was firstly introduced by the DCMS related to the emergence of the term *Creative Industries* (DCMS, 1998) and secondly to the theory of the *Creative Class* (Florida, 2002). The acceptance of the term creative industries and the DCMS classification implied a new focus on the production of cultural/creative products, the creative workers and the infrastructure behind them.

The trend of cultural creative industries has been debated for years because of several original causes. The *creative turn* has seen a new light with the passage from the Fordist production's paradigm to a new concept of immaterial based on knowledge and information one (Lusiani, 2012). The knowledge economy might be defined as symbolic because products are no more circumscribed in their nature of commodity but as valuable and experiential. Following this trend, community felt the need for integration and cultural enrichment to satisfy their needs. Consequently, the territories were increasingly induced to enhance their cultural offer and enterprises to integrate in their value chain processes that lead to generation of meaning (Rullani, 2004; Sacco & Tavano Blessi, 2005; Montanari, 2011).

Thus, the emergence of creativity is necessary to reevaluate the impact of the creative approach over the economic growth, as well as the need for a rehabilitation of a context where the cultural background leads to creative processes.

1.1 Creative economy and creative industries: frameworks and definitions

The role of the creativity has been emphasized by a sequence of frameworks' policies that aim at circumscribing the economic impact of cultural and creative industries.

The idea of the creative industries seeks to describe the conceptual and practical convergence of the creative arts (individual talent) with cultural industries (mass scale), in the context of new media technologies (ICTs) within the post-modernist economy, where consumers are knowledge-based and want to experience the products. Along the years, the spark that has lighted up the need of delineating the field of creative industries derives from the necessity of clustering the production comprised of performances, ideas and symbols. Those are completely different kind of "goods" in comparison with the ones produced by traditional manufacturing production system.

Nowadays, the creation of content that derives from cultural industries has being considered as a new way of generating *value*. Yet, the role of creative industries is not fully drawn into delimited boundaries even though their key role is crucial for the development of the trend of the new economy.

The first time the role of culture and creative industries (CCI) has been considered was in the 1940s by members of the Frankfurt School, where production of set of words, sounds and images have been considered in a different perspective over the most common production practices. (see Horkheimer and Adorno, 1947).

The CCI belong to the new growing sector of the post-industrial capitalist economy and represent the natural evolution, under the effect of globalisation, of the combination among culture and the emergence of creativity in the trend of the "*digitalization of society*" (Lazzaretti, 2009).

Originally, the cultural turn is linked to a more contingent event considered as political: the birth of the creative industries. Despite over the centuries creative industries were already present, in the late Nineties there has been for the very first time the generation of the new term of creative industries that later will be relate to the concepts of "*creative districts*", "*creative cities*", etc., (Hesmondalgh & Pratt, 2005).

Creative industries' policy discourse has emerged in a context where the symbolic and cultural dimensions of all aspects of the economy have acquired a greater significance. Creativity has been identified by businesses worldwide as an increasingly important source of sustainable competitive advantage in a globalised, knowledge-based economy where the barriers to reproduction of ideas, concepts and products have been dramatically abridged.

Moreover, the growing significance of cultural and symbolic dimensions of the economy has proceeded smoothly, through processes originally identified with the sentence '*aestheticisation of everyday life*', (see Featherstone, 1991) a description that attempts to categorise a new symbolic approach that drives the whole production-consumption system.

The size of the sector is significant and its weight is increasingly growing in the public policy sphere.

As a matter of fact, the rate of growth of cultural and creative workers has been considered to have a strong impact on the economic growth (Flew, 2012). Indeed, the development of employees correlated to cultural and creative industries became a factor that would not be let unconsidered.

Culture has become the engine of creativity and both are the most relevant actors for social and economic innovations stimulating research and investments in the field of technology (Santagata, 2009). Considered as a source of competitive advantage within a market characterised by similar products and similar prices, the relevance of the trend of creative-based industries rises for its nature of providing intangible value to the products (KEA, 2009). John Hartley, professor of cultural Science and director of the Centre for culture and technology in Australia, defines cultural industries as "*the lever for social change and economic in the next century*" (Hartley, 2005). This trend is changing our way of thinking and see the culture and creativity. Culture has been considered the core of economic activities in the meaning that accelerates innovative processes; hence, it has become important to develop the context where creative people live. The socio-economic phenomenon requires the support of both sociologists and urban planners at developing new spaces (Lazzaretti, 2009).

The first clear attempt of conceptualizing the realm of creative industries was made by the British Labour Government by Tony Blair's New Labour Government when he was adjudged as Prime Minister in 1997.

Tony Blair has been considered a pioneer because he was the first among politicians that realized what was the direction of sociological changes. By focusing on creativity as the input

to renovate and revitalize the economy of the United Kingdom he moved a step forward to the direction undertaken by the new economy; if in the past creativity was related to few activities as music, arts, cinema, nowadays it would be considered as a vector of economic and social transformation. At the same time, the consideration of creativity has been highlighted to produce an added value that overtakes the outsourced manufacturing system in the Oriental emerging markets where production costs are lower. Creative industries were the definition to enclose industries associated with art, media, design and digital content. The idea of the British Labour government led by Tony Blair to establish a Creative Industries Task Force (CITF) demarcates as central the activities of the new Department of Culture, Media and Sport (DCMS).

The *Creative Industries Task Force* decides to map current activity in those sectors considered to be a part of the UK creative industries, estimating their contribution to Britain's overall economic performance and identifying policy that would promote their further development. The *Creative Industries Mapping Document* is recognised as the very first step in considering the creative industries as consistent as the other manufacture traditional industries; to underline the creative phenomenon, the employment in the creative sector was equal to 1.4 million people that generates an estimated £60 billion a year, almost the 5% of total UK national income¹ (DCMS, 1998).

The UK Creative Industries Mapping Document defined the creative industries as "*those activities which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property*" (DCMS, 1998).² The Task Force formed by a set of technicians and experts was in charge to plan the activities and measure their contribution through economic indicators' monitoring to identify the correct policy measures (Flew, 2012).

While the report of DCMS shows how much cultural and creative industries play an important role in the United Kingdom's economy, the approach supported by DCMS follows a dual nature:

¹ Data from British Council's Creative And Cultural Economy Series

² The Minister for Culture and Heritage, Chris Smith, summed up: "*The role of creative enterprise and cultural contribution [...] is a key economic issue [...]. The value stemming from the creation of intellectual capital is becoming increasingly important as an economic component of national wealth. ... Industries, many of them new, that rely on creativity and imaginative intellectual property, are becoming the most rapidly growing and important part of our national economy. They are where the jobs and the wealth of the future are going to be generated.*" (Smith, 1998)

the former related to political aspects and the emergency of the so called *New Economy* while the latter aimed at designing the new society's needs made of diverse values; indeed, people in the era of the *internet of things* have developed a deeper knowledge about products and want to experience instead of consuming. Generalising, the new consumer shows resistance regarding typical commodities and cultivate preferences for goods with a symbolic dimension.

Therefore, the debate around creative industries shifts towards a new economic perspective. The mapping of the DCMS played a crucial formative role in the international context. The effort made to classify the cultural and creative industries identifies thirteen sectors:

1. *Advertising*
2. *Interactive leisure software (electronic games)*
3. *Architecture*
4. *Music*
5. *Arts and antique markets*
6. *Performing arts*
7. *Crafts*
8. *Publishing*
9. *Design*
10. *Software and computer services*
11. *Designer fashion*
12. *Television and radio*
13. *Film and video*

The classification is a step forward in developing an international policy's discourse and tries to classify their taxonomy. Despite the relevance attributed by the British Government to the cultural sector which has been brought to the footlights, the DCMS definition reveals some issues. First, there was a problem inclusion: it was necessary to categorise what are the peculiar elements to consider a cultural activity.

Whilst the useful beginning of a definition, it lacks a bright taxonomy of creative industries because in broad sense all activities that require an effort could be considered as creative.

To some extent, the definition would have needed to be clear about the role of creativity in the creation of new products and services or when innovating in the production of goods and provision of services. Hence, some of those industries were considered out of the classification without a clear explanation.

Another issue was related to the heterogeneity of the industries. In fact, the list presents together 125 highly capitalized and industrialised industries in the methods of production and distribution (e.g., film and television) together with more labour-intensive and artisanal ones (arts and crafts, designer fashion, music, the visual and performing arts) and highly commercial (e.g. advertising, architecture).

Though, the lack of DCMS clearness brought to some critics especially to the terms of inclusion. Bilton and Leary (2002) observed that the DCMS definition could not explain what was distinguishing about the creative industries, "*since every industry would surely claim to some measure of individual creativity, skill and talent; equally, it is difficult to think of a product which does not exploit some intellectual component in the form of patents, design elements or other intangible, symbolic properties which make that product unique*". (Bilton and Leary, 2002).

Hesmondhalgh (2007) questioned the exclusion of sectors such as heritage, tourism, entertainment, and sport, while Garnham (2005), argued that the inclusion of the software, computer games, and electronic publishing industries had the effect of artificially overestimate the size and the economic connotation of those industries.

The explication of the DCMS's criterion of intellectual property rights as the central element for inclusion leads to the issue of comprehending how to define a creative industry's performance. Indeed, cultural goods are not private, thus there is no private transaction and certainly, they would not be consumed. Quantify the performance of those goods would be unpredictable and the real value could be affected. The process of measurement may be affected by frequent improvement and sudden changing of the value which is typical in evaluating works of art or movies or songs.

Pratt (2005) paraphrased this point, observing that "*it would be difficult to identify a non-creative industry or activity*" (see Pratt, 2005). Overall, the visible exclusion of cultural institutions from the GLAM (Galleries, Libraries, Archives and Museums) sector appears peculiar, as does the absence of cultural heritage and cultural tourism. Apparently, it can be contended that the logic of creative industries production and organisational practices extends its path away from sectors like telecommunications, sport and entertainment as well as knowledge-intensive service industries more generally (Cunningham, 2002). In fact, within the era of technological revolution, the pace of technology creates new tools to produce and communicate culture, as well as new cultural activities, consequently, the concept of cultural needed of an extensive vision of the whole process which brought to a semantic change from "*cultural*" to "*creative*" evolving into a broader perspective of what are lately called the "*cultural and creative industries*" (from now on, CCI).

This definition used by the European Union takes account of the differences between two types of activities: The *Cultural industries* are associated with more traditional sectors such as the cultural heritage, visual and performing arts, publishing, music, cinema, radio, television, print, and photography (Valentino, 2013), while *Creative industries* also include the new sector of the digital economy such as software and IT services (Lazzaretti, 2009).

The emergence of the creativity discourse was buzzing since companies needed to reconsider their inner creative core in relationship with the different consumers' behaviour, driven by a cultural approach.

Above the frameworks, the model presented by WIPO³ offer a new vision. It is based on the intellectual property and refers to those enterprises that deal with activities protected by copyright. The cultural and creative sector has been divided into three classes based on the creativity level surrounded through the products or services provided by companies and according to the degree on the importance of property rights in the total value of the good (Valentino, 2013). The first class (the core of the industries of copyright) includes companies that produce goods which embody intellectual property: visual arts and graphics, publishing, film and video, music, advertising, software, entertainment, television, and radio; the second classification involves those companies that distribute goods protected by copyright and that depend on the first: producers of material for the recordings, electronics, of musical instruments, copiers, and photographic equipment; the third is composed by companies that produce products only partially covered copyright: studies of architecture and design, manufacturers of clothing, footwear, fashion, household items and toys. The approach is based on copyright's role that is a strong incentive for economic growth. The protection of intellectual property, in fact, stimulates creativity, innovation and encourages investments (KEA, 2006).

The NESTA⁴ approach tried to overcome the previous lack of inclusion delineated by DCMS from criticizing the assumptions used to define the culture creative industries. Nesta approach aims at narrowing down the past wider definition which was considered insufficient for four main reasons: firstly, the DCMS chooses a wide approach and the inclusion of technology-based industries inflates the overall definition; secondly, there was not a clear diversification among the thirteen activities listed; thirdly, the cultural industries were defined in terms of their outputs although not considering how they produce value.

³ World Intellectual Property Organization

⁴ *National Endowment for Science, Technology and the Arts, 2006*

The new approach contains CCI in four linked categories, from a listing approach (DCMS) to a clustering approach:

- *Suppliers of creative services*, who apply the intellectual property (IP) to other activities and organizations: advertising agencies, consultants, design, architecture studies, PR, agents, and production facilities;
- *Producers of creative content*, that invest capital to produce IP and to protect the outputs that are distributed to consumers/ spectators and that they earn through a mix of direct sales, advertising, and subscriptions: theatre companies, publishers game developers, companies, record companies, and film, fashion designer, television and radio broadcasts;
- *Providers of creative experiences*, all of which sell to consumers the right to attend a performance or activity: theatrical companies, the organizers of musical performances, artistic-cultural events, tourism and sport;
- *Producers of original creative artwork*, which are involved in the creation, processing or sale of artefacts, materials, and whose value derives from their cultural value or creative as perceived by their exclusivity and authenticity: visual arts and crafts, antiques, writing, creations, design, photography.

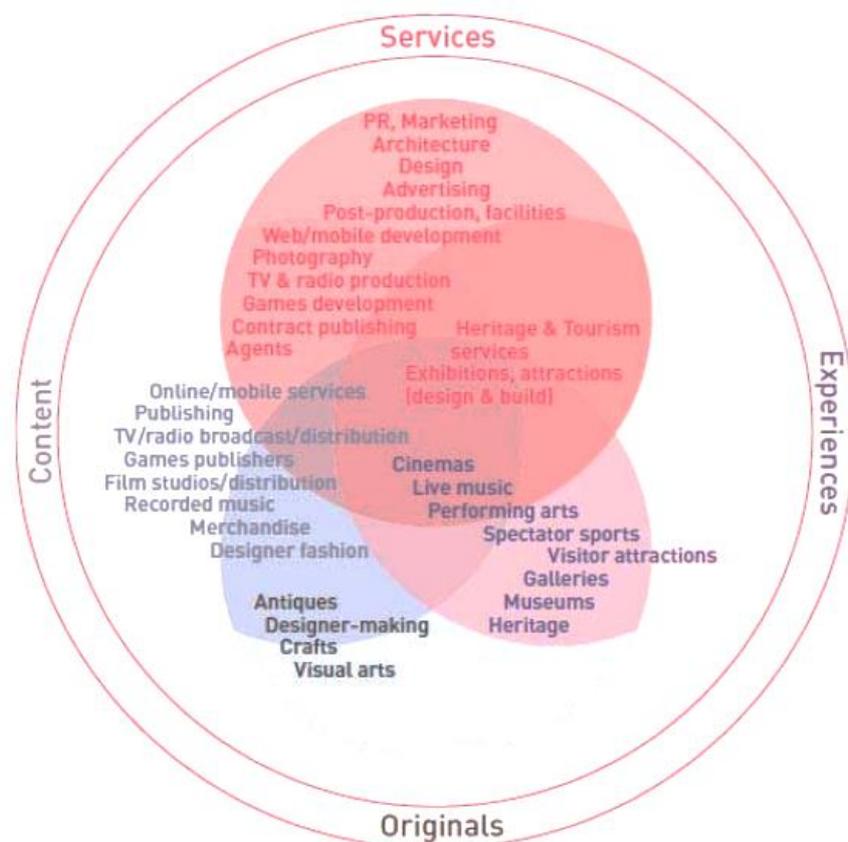


Figure 2. Cluster approach.

Source: NESTA, Model of creative sectors (2006)

The classification considers the links between several different business models. At the same time, it takes account of the value of market structures and the singular production of enterprises within each group. Starting from this classification the model can make a further distinction between creative simple and complex goods.

The former is related to the extent of which the artist has a contract with a single company that promotes and distributes his creativity while the latter goods are more complex as there are more stages in the contract's development.

In general, it can be observed that original creative artwork corresponds in principle with the offering of simple creative goods, while the creative content sector involves companies in the production of complex creative goods.

It is evident that different elements of the same creative activity can belong to the different segments of the creative industries. As an example, music may be defined as a simple good while the process of distribution is extremely complex because of the presence of several actors from the singer to the record label to the radio; live music events are also part of the services sector of creative experiences, musicians make use of the providers of creative services for the organization of the concerts, promotion and advertising of the album.

Specifically, NESTA approach focuses on two main assumptions: the sector with its generation of creative content have a great capacity to create, own and exploit intellectual property through the ability to distribute and reproduce content on a large scale: the advent of internet has broadened channels and platforms enlarging the network. Due to its expansion, the creative sector has supported the opening of new workplaces because of the increasing demand of CCI. The NESTA approach has been considered as functional but deficit of value's definition generated within the boundaries of CCI.

Starting from the NESTA's defects, the Work Foundation (2007) creates a report which identifies the relationships amongst the rise of creative industries and what is their "*expressive value*". Going through the definition of expressive value as the "*very dimension (in the realm of ideas) which, in its broadest sense, enlarges cultural meaning and understanding*" (Work Foundation, 2007) the institute highlights the nature of cultural goods characterised for their aesthetic, spiritual, social, historical, symbolic and authenticity value, going against the economic purposes of NESTA.

All these aspects are represented in circles where in the middle there is the strongest core of creative industries: every outcome which possesses a high extent of expressive value.

The other circles which surround the very fundamental core are: cultural industries, mass activities which involve a reproduction of expressive outputs, creative industries and activities where the expressive value is within the performance of the creative content and the rest of the economy which is influenced by the expressive value delivered by creative industries.

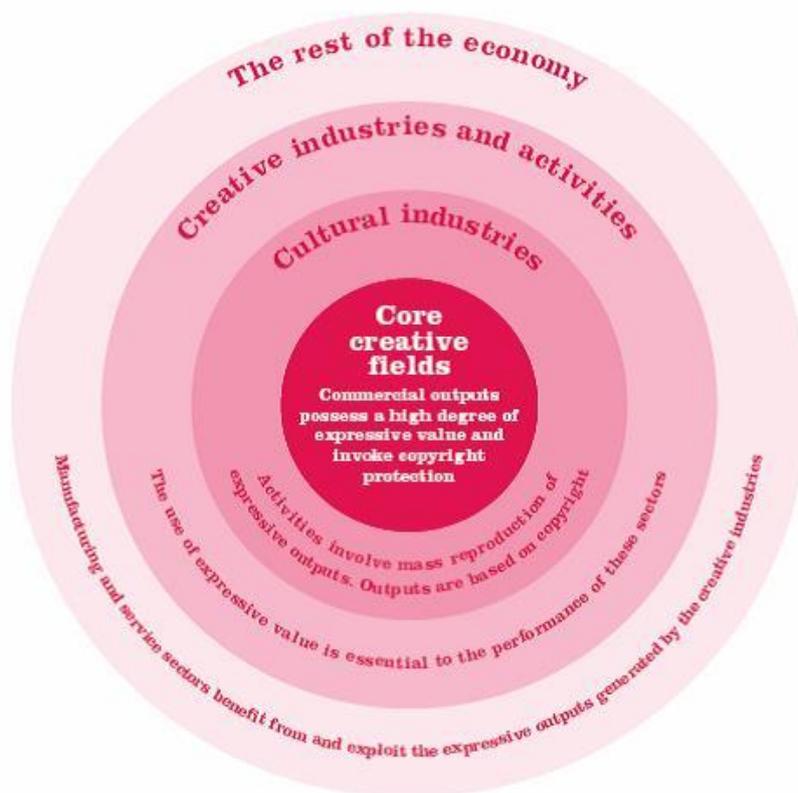


Figure 3. The creative circles. Source: Work Foundation (2007)

In 2008 UNCTAD⁵ subdivides the CCI into nine intertwined sectors, rejecting the idea that of core cultural industries and supports the idea of a creative cycle production (see Work Foundation) where production and distribution use creativity as primary force to develop the whole activity. The classification of industries is knowledge-based and all the different field are interconnected with each other. Those activities are knowledge-based and even if the institution draw an attention to arts, it is not limited to the arts' constraints.

So that, this framework could be considered as a vessel for the meeting of handcraft arts, services and industrial sectors.

⁵ United Nations Conference on Trade and Development

The nine classified sectors are further categorised around the realms of four dimensions:

- *Heritage*, the traditional cultural expressions always considered by years in the form of art crafts, historical monuments, museums [...]
- *Arts*, which are divided into visual arts (painting, sculpture, photography) and performing arts (live music, theatre, circus etc.)
- *Media*, which are publishing and printing (books, papers, press etc.), audio visuals (movies, radio, television) and new media (IT content, digital animations)
- *Functional creations, design and creative services* such as architecture, advertising etc.

This approach was later reconsidered by another global authority, UNESCO. During the year 2009 the authority reviews its previous definition of cultural industries (2006) describing the “*industries which combine the creation, production and commercialization of creative contents which are intangible and cultural in nature*” (UNESCO, 2009) are the ones which generate creative value. The way by which the industries deliver value follows a repetitive cycle: creation, production, dissemination, exhibition, and consumption. The cycle of culture shows that numerous stakeholders are involved in the value chain of cultural expressions: creators, producers, distributors, public institutions and professional organisations (Flew, 2012). As a circular cycle, after the phase of consumption, there will be the production of feedbacks necessary to inspire the creation of new cultural products. The new technologies facilitate interrelationships between the various phases of the cultural process as well as the “*policy-maker*” should be aware of developing the correct policies that have an impact on the whole cycle (UNESCO, 2009). Despite the UNESCO definition was more precise in terms of creation of value, critics were moved regarding the rigid structure of the so called creative value. Emphasizing on the creation of creativity means have no easy constraints because creativity apparently has no limit.

In summary, we can argue that across the years lots of definitions tried to circumscribe the phenomenon of cultural and creative industries. The fact that every definition might show lacks symbolises the difficulty of understanding the real impact of those industries on the economic system. Yet, what really matters is their role: nowadays their relevance could not be set aside; they are a consistent part of the new economy and of the new society. The dynamics of the global economy are continuously changing moreover consumers care about the value of products and consequently companies should adapt to their needs. The CCI's products made

of symbols, ideas, images are truly important in order to satisfy needs combining with technological innovation.

Culture and creativity are two sides of the same coin which cooperate to develop value and trigger the whole economy's innovation. The discourse around the cultural and creativity discourse might be chronologically designed through a timeline.

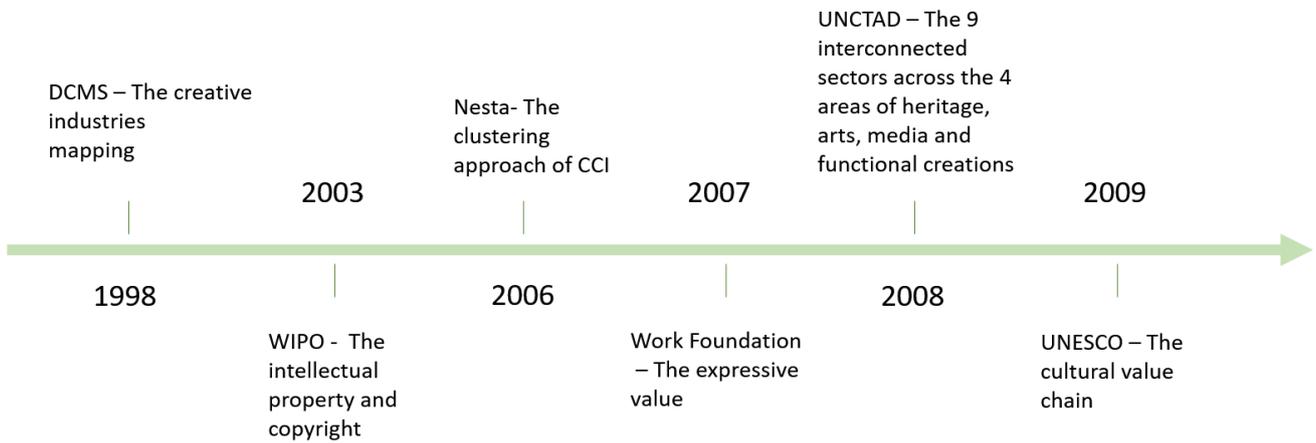


Figure 4. CCI Frameworks' timeline. Personal reproduction

1.2 The creativity's value in the European CCI

Creativity is considered as a complex process that generates innovation by combining several dimensions like technology, science, management with the cultural realm. Culture provides both tangible and intangible assets made up of artistic heritage, processes, references and skills that interact with creative skills and resources to foster innovation.

During a European Conference, about the question “*should we be creating a Europe of art, or a Europe of science?*”, the European Commission’s President Barroso stated:

*“Certainly, both are important, and particularly since the Renaissance, Europe has excelled at both. Constant innovation in art and science has helped Europe to enjoy rapid development and unparalleled cultural wealth (...) For Europe it must never be a question of art or science, but (...) art and science are the legs on which Europe stands”.*⁶

Compared to other sectors of the economy, culture provides an additional dimension, indeed not just creates prosperity in the way of general enrichment but it also contributes to social inclusion, better education, self-confidence and pride of belonging to a community.

The attention given to the role of culture followed the idea that it symbolises a powerful resource to communicate values and to promote objectives of public interest, broader than wealth creation. In the centuries, the role played by culture was traditionally considered from the point of view of *enlightenment*; following an *art for art's sake* approach⁷, it could be said that a work of art was always considered important from beneficiaries’ point of view, offering them the pleasure of admiring an embodiment of beauty.

Anyhow, culture achieves multiple social and political purposes that in the centuries has led those activities to trigger creative’s ones. Moving towards the cultural activities from the borders to the centre of the economic discourse, the necessity was in the meaning of designing cultural policies in relation with the increased relevance in the globalised context.

Indeed, culture can be regarded as a vehicle for European *values* (tolerance, democracy, diversity and pluralism) and its *way-of-life*.

⁶ J.M. Barroso, ‘*Europe: Art or Science?*’, discourse at Delft University of Technology, (2006)

⁷ It refers to the French expression “*L’art pour l’art*” (Gautier, 1835) a philosophy that the intrinsic value of art, and the only “true” art, is divorced from any [didactic](#), moral, or utilitarian function

We can trace a path of the expansion of cultural and creative industries in the years. According with the report realized by Tera Consultants⁸ the core cultural and creative industries in the 28 countries of the European Union generate €558 billion in value added to GDP, approximately 4.4% of total European GDP. The value added by the total creative industries (core creative industries plus non-core creative industries) is approximately €860 billion, representing the 6.8% share of GDP. The creative industries represented approximately 8.3 million full time equivalent jobs, or 3.8% of total European workforce. The report edited by EY highlights eleven sectors between which the sector is fragmented: visual arts, advertising, TV, newspapers and magazines, books, architecture, performing arts, music, film, gaming, radio that despite the economic crisis grew up. Employment in the total creative industries (core creative industries plus non-core creative industries) is approximately 14.0 million, or 6.5% of the total EU workforce. Regarding occupations, cultural jobs comprehend professions from the writers to the actors, from handicraft workers to graphic designers, from guides in the museum to journalists. Cultural jobs considered as *creative, arts and entertainment activities* libraries, archives, museums and other cultural activities, programming and broadcasting activities, motion picture, video and television programme production, sound recording and music publishing activities and specialised design activities are listed under the definition of *cultural employment* where 6.3 million of people work, the 2,9% of the total employees in Europe. There was an impulse in the employment between the 2008 and 2011, an increase of 4% that corresponds to 230.000 more cultural jobs in the EU. Today, culture is widely recognised as a key asset nurturing both economic and social development, including well-being.

Creative Industries	VALUE ADDED			EMPLOYMENT		
	VA (billion €)	% of evolution 2008-2011	% of EU VA	Jobs (million)	% of evolution 2008-2011	% of EU employment
Core	558	-0.07%	4.40%	8.3	-2.33%	3.82%
Interdependent	211	-1.18%	1.67%	4.0	-3.88%	1.86%
Non dedicated support	91	0.58%	0.72%	1.7	-1.19%	0.78%
TOTAL creative industries	860	-0.28%	6.79%	14.0	-2.65%	6.47%

Table 1. Economic weight of the creative industries in EU27.
Source: TERA consultant analysis (2011) (2011)

⁸ TERA consultants, *The economic contribution of the creative industries to EU GDP and Employment* (2008-2011)

The report counting for the triennium 2011-2014 shows revenues of €535.9 billion concerned CCI contribute that generates the 4.2% of Europe's GDP. The three biggest areas that generate the highest revenues are arts (€127billion), advertising (€93billion) and TV (€90 billion).⁹ In 2013, according with the Eurostat National Statistics, the largest sectors in the core CCIs in the European Union are books and press, software, games and advertising. In contrast, cultural education, music as well as radio & TV can be calculated between the smaller CCIs. The same report through a graph expresses the development of CCI in the five years 2008-2013.

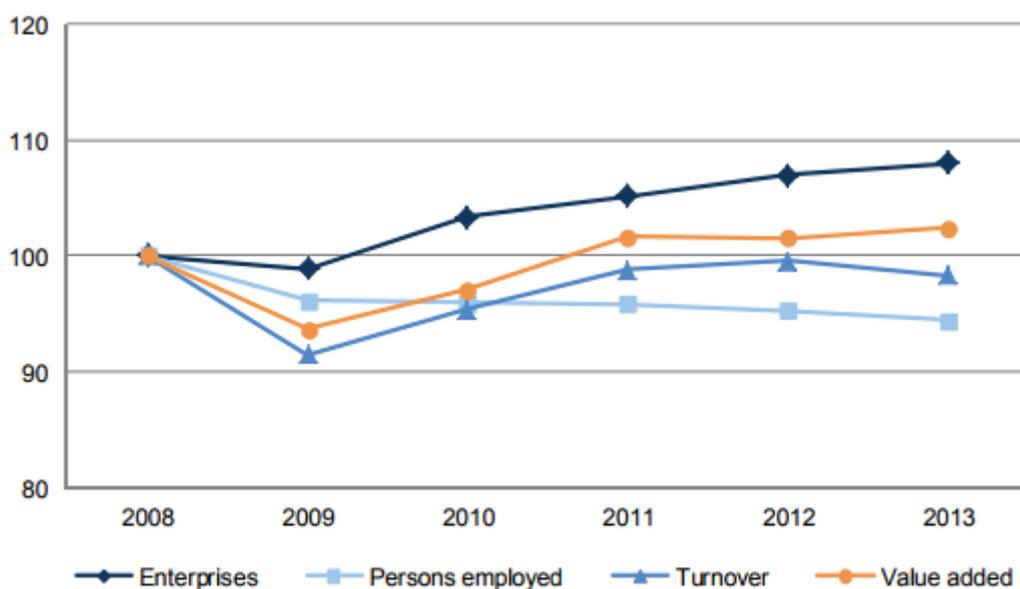


Figure 5. Development of CCI 2008-2013.
Source: Eurostat, National Statistical Offices (2016)

Lately, according to the *European Parliament's report on EU policy for cultural and creative industries* (2016), the CCI have become even more efficient for economic growth, representing 11.2% of all private enterprises and 7.5% of all employed persons. Beyond their remarkable economic contribution, more than in the past the role of CCI is much more considered as a tie between arts, culture, business and technology.¹⁰

As emerges from the reports, the economic weight of CCI is more complex to measure than traditional manufacture activities. There are several variables to be considered; commonly, creative products have a higher risk of failure over success because of a more volatile

⁹ Creating growth – Measuring cultural and creative markets in the EU, 2014

¹⁰ European Parliament's report on EU policy for cultural and creative industries, *Maximising the Contribution of Culture towards social and economic development* (2017)

environment rather than the common commodities. Some sectors such as music and cinema due to their nature are extremely unpredictable in value and difficult to be forecasted – their trend depends on the societal impact – and might have a faster obsolescence comparing with other cultural activities.

Furthermore, the cultural and creative industries' strengths might remain unexploited and the pace of change put under risk their potential values. The increasing of digital technologies, the persistence of economic unsteadiness and considerable changes in the policies of the European frameworks might lead to lose value.

The lack of common policies across the European countries brings to uncertainty both in the economic measurement and in the sustainability of the sectors.

Henceforth, the European Commission has presented initiatives such as *the Creative Europe Programme* with a total budget of €1.46 billion to allow the industries to release its potential. The cross-cultural cooperation is the aim of the programme between small and medium creative companies that operate within the cultural sector and contemporarily offer a support to undertaken shared policies for the triennium 2015-2018 in a project named *Work Plan for Culture*¹¹. The project divided in four macro areas defines the priority for the cultural and creative industries growth. The first area is composed by the development of policies to include culture and make it accessible for everyone thus *fostering the contribution of culture to social inclusion*. (Topics A3, Priority area A: Accessible and inclusive culture, *Priorities for the work plan for culture, 2015-2018*). The second area is characterised by undertaking the role of cultural heritage thus the role of the governments that should safeguard the intangible and tangible realm of the cultural works. The third area indeed, focuses on the access to finance to let the cultural and creative industries growing by enhancing the role of public policies in developing entrepreneurial and innovation potential of cultural and creative sectors, while the last area concerns the promotion of cultural diversity to improve the mobility of people consider as the engine for combining several cultures thus develop a more integrated cultural ecosystem.

Due to the continuous evolution of the cultural and creative sectors, there is an increased need to support the expansion and professionals' skills throughout greater improvements in education and training.

¹¹ Education, Youth, Culture and Sport Council, Draft Conclusions of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, on a Work Plan for Culture (2015 - 2018), 2014, Concil of the European Union

The expected contribution of CCI has emerged in the era of the manufacturing sector's decline. Culture and creativity are the main players of the gradual shift from a production-consumption system to a knowledge and service-based economy.

Nonetheless, the sector necessitates reliable and high-quality statistics at European level to monitor the economic variables and social trends. As a matter of fact, globalisation and internationalization of society accelerate all the processes, hence, being aware of the new direction of cultural industries more and more digital-oriented, is undoubtedly appropriate.

Recognising the benefits that culture brings to the European economies means understanding that culture is a vector that indirectly affects innovation.

From a social point of view, culture strengthens individual and collective identities by preserving memories and traditions. In the centuries, the urbanisation phenomenon has seen the expansion of the city considered as the most prominent social context. Receptacle of history, culture and heritage, the city prompts social cohesion by promoting dialogue across different cultures.

Culture and creativity are both vital for each other. While culture has been always rooted to a determined environment, creativity should be analysed in relation with a specific context where, affected by the cultural background, can combine the novelty with the heritage and tracks the next direction of the new economic system, deeply affected by a sort of cultural innovation.

In the past decade, the role of the cities has been considered as central for the whole economic environment because of the migration of people, lower barriers, and globalisation. Now, distances are short so that the role of the city keep rising: a place of integration, of sharing ideas and innovation in an open context. The city has opened its boundaries to attract and generate creative actors and creative companies; we talk of the creative city.

1.3 The creative environment: The City

Along the years, the dominant tradition over urban policies has always been considered as an extension of rational and analytical thinking. The need of architectural planning is widely relevant as well as the effort of engineers and urbanists at developing cities which are both safe and healthy. From the Middle Age cities have always been considered as the centre for economic activities, trade, exchanges where the history has taken place.

Meeting point and place for social aggregation the city could not be analysed by rigid and rational application governed by logic.

The cultural roots surround the context that generates meaning, re-interpret the world and provide a future's perspective. In other words, a future-oriented context reinforces both the demand and supply of a territory's economy, generating economic value.

The renovated approach to creativity derives from the approach to the *New Economy*¹².

The decline of manufacturing industries partially related to the increasing growth of the competitiveness from Eastern industries has brought companies to reconsider how to re-establish their identity. Nowadays, products are not considered anymore commodities but meaningful consumer experiences with sharing potential. The approach to experiential dimensions is fundamental, individual looks for authenticity and not just the ready-to-use objects but symbols through which they identify themselves. As a result, consumption is becoming part of an emerging *experience economy* (Rifkin 2000) where entertainment, information and communication technologies (ICTs), and lifestyle products and services combine to shape new consumers' identities. Overall, the exchange between people has become the crucial element of a development of a society. In this way, the impact of local fertile territories has become fundamental both for the production and the consumption of new goods. In other words, cities and districts became incubators and symbols of the economic growth. The aid of creative companies' workers if culturally involved in the environment would be more capable to bring benefits to the company they belong to; indeed, the relevance of the districts' growth explains that the trend has started to be central at the end of the Nineties (Lusiani, 2012). The local development model for city growth is based on creativity and culture. The key factors gravitate around the construction of a creative atmosphere that

¹² The New Economy is the result of the transition from a manufacturing-based economy to a service-based economy. This particular use of the term was popular during the dot-com bubble of the late 1990s. The high growth, low inflation and high employment of this period led to overly optimistic predictions and many flawed business plans.

get involved people and address the new forces of the local development in the areas of high production of cultural goods and services. These elements promote the right conditions for the unfolding of the mutual benefits shared by the agents of the new local world of industry and commerce. By fostering a creative atmosphere, the city would be able to exploit the social resources of the territory, thus the economic growth.

Apart from the development in terms of infrastructure and cultural resources, there should be a clear focus on equity and defense of cultural diversity hence, tolerance.

The model proposed by Bertacchini and Santagata is divided essentially into four levels:

- I. The creative atmosphere
- II. The local systems of creativity, based on cultural entrepreneurs and on positive externalities' production;
- III. The factories of the culture
- IV. The micro-services of the cultural and creative sectors.

The four levels are used to delineate a model based on the creativity in the cultural production as a mechanism of activation of local economic development. The factories of the culture and the micro-services linked to them are the actors in the different production chains and report the presence of specializations of a territory-specific cultural production. The local systems of creativity determine the ties and the networks between the different subjects along and between the chains of production. The creative atmosphere aims at creating a major concentration of talents and excellence through the ability of local systems to express the creative tools and produce innovation.¹³ The relationships between the specificity of a local environment for the economy, contributing towards a direct attention to cultural dimensions that characterize a specific place, became theme of discussion.

"The cultural geography of the place and the economic geography of production are intertwined in contemporary urbanization" (see Scott, 1997), affirming that the context, the culture and the economy are synergetic elements.

What are the outcomes of the development of the cultural sector and the creative industries within a territory?

How can it be measured the impact of cultural and creative districts on entrepreneurial development?

¹³ Bertacchini E., Santagata W., *Atmosfera creativa Sviluppo, creatività, cultura* (2012), 1-22, Capitolo 1

According to Florida, it is evident a connection between the economic rejuvenation of a territory and the competitive advantage that derives from it. This can be reached through adequate policies with the objectives of attracting financial investments, stimulating new tourist flows which create creative stimuli to enhance competitiveness in the global dynamics (Power & Hallencreutz, 2004).

Likewise, the more the community has a developed educational background, the more is potentially capable of innovating, for instance, by producing more patents, more new business ideas or a major sharing of brilliant and disruptive innovations. Generally speaking, the development of CCI activities improves the quality of life, as it generates impulse to social life and processes of requalification of the urban landscape through a reorganization of museums, pedestrian areas, restaurants, markets. Culture is central for the urban fabric.

From an analysis of the literature, the creative and cultural environment can be classified following a district approach:

- I. **The cultural district.** The industrial core characterized by a material culture and business, in which the industrial component is the major part of the production. This industry, however, has a strong component of creativity and artistry often characterized by products related to the world of entertainment, fashion, clothing, craft traditions spread over the territory;
- II. **The cultural and institutional district.** It is the type of the district identified by institutional actors who deliberately establish the physical and administrative boundaries, branding the city and instituting promotional policies.
- III. **The traditional district.** Branded for its intrinsic nature, relating to the cultural heritage *per se*. Proximity defines the *milieu* where cultural and entertainment activities take place.
- IV. **The metropolitan scale districts.** Cultural cities with a central position between economic development and creativity. This is the case of European Capitals of Center, urban center of agglomeration of creative people where the social interactions are crucial for the development of regional growth.

The social dimension of creativity based on an energetic environment has been investigated also by a research conducted on the Hollywood Film Industry (Cattani, Ferriani, 2008). Even though in the centuries creativity has been recognised as an individual mystical extent, several researchers have emphasized the role of social factors at enhancing the creative process.

For instance, a research conducted by Hargadon and Bechky (2006) shows that even if some solutions may be reached as individual insight, the whole process of creation is collective. Generally, the creative results come out from the interaction between two or more people that operate together to generate a kind of social creativity. All the creative industries are made of examples that confirm how the creative process is team-based, from the production of movies, to music to live performances.

Creativity is mostly expressed within a network dimension. To some extent, individual creativity seems to be a mysterious process but without a reference context it would be difficult to be expressed.

An answer arrived by Csikszentmihályi (1996) that claims “[creativity] *does not happen inside people’s heads, but in the interaction between a person’s thoughts and a sociocultural context*’, thus by interacting with other people this would ease the sharing of knowledge, information and ideas that are the core of creative process. The connection between the person and the social system, between novelty and its legitimation, explains the core of the social network approach on individual creative performance.

The individuals might find the benefits of a social interaction on creativity on two levels: the former, through social interaction in a liveable environment they have access to new and diverse ideas, let apart the original and individual ones or mixing them; the latter, by moving around in a social environment people may recognise the original illegitimacy of their ideas while evaluating the benefits of shared different views and way of thinking (Hargadon, 2005). However, the research highlights the role of the distance from the core of the social network illustrating the idea that the more the individual is close to the core the more is well involved in the social fabric, the faster the sharing of ideas.

Contrariwise, the individual located on the peripheral have weak ties but may develop fresh perspective from other contexts. The creative process, according with the social network research, will bring better results where individual is both in touch with the core but without losing touch with the periphery that according to Hargadon (2005) “*provides a way to acquire knowledge without acquiring the ties that typically bind such knowledge to particular worlds*”.

We can argue that creativity is the outcome of the environment.

In our analysis, we aim to put in relationship the environment where creativity takes place and the result in terms of entrepreneurship. The social context is extremely necessary to understand how the creative process comes out. City, organisational structures, habits of mind

and working practices can let creativity comes out. A common agreement among scholars considers creativity the process through which new ideas are produced, while innovation is the process through which they are implemented. This is an approach that may be applied to cities, for instance even though they are very creative, they could not have the analytical instruments and financial skills to develop innovative solutions. Creativity is a necessary asset for innovation that by exploiting innovative actions maximise the potential of a city.

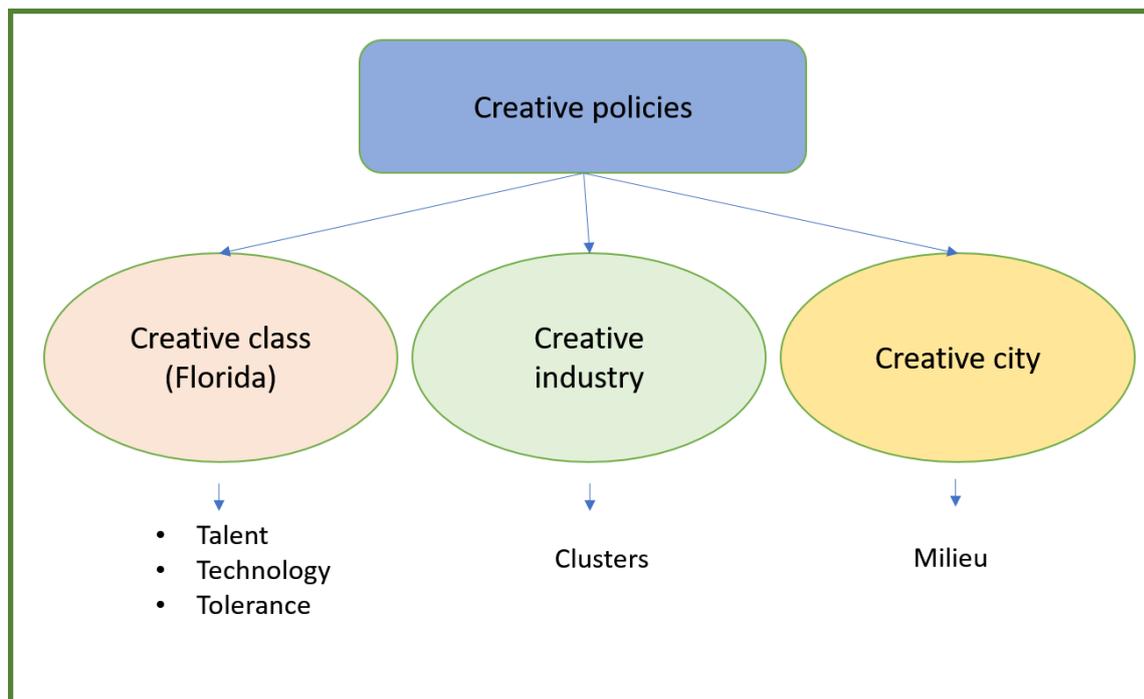
The challenge of creative cities mostly depends on policy's intervention useful to improve cultural integration and the livability of the city; both elements contribute to develop local creativity. Through a coherent policy approach aimed at prompting curiosity, involvement of citizens and vitality the city are more attractive.

Famous examples of appropriate balance between uncontrolled creativity and controlled rationality are districts such as Camden Lock and Portobello Road in London, Södermalm in Stockholm, Le Marais in Paris where arts meet urban symmetry and artists can exploit the vibrant environment to let creativity come out. The environmental background where firms were rooted has been changing overtime and companies would have adapt to the speed of change.

The shift in consumption has followed step by step in the regeneration and reconsideration of the urban environment where through precise urbanisation polices, governments have understood the impact of regional growth over the national development.

To enhance the creativity process, the more the individual are getting involved in a positive and dynamic environment, the more the creativity is generated, the more the milieu growths attracting investors from abroad and generating positive income.

We can design the creative ecosystem composed by creative workers, (*Creative Class*, Florida), creative and cultural industries that have a large impact over the country's economy and creative places defined by the creative cities and their districts. The whole creative environment should be supported by specific policies (European or national or regional level and local strategies) towards sustainable frameworks.



CREATIVE ECONOMY ENVIRONMENT

Figure 6. Creative economy ecosystem. Personal adaptation

The frameworks we analysed in the first chapter have been useful to circumscribe the CCIs phenomenon; however, observing the impact of creative policies on the development of creativity and cultural environment, it is evident how people play a starring role in it.

The relationship between creative policies and creative class is clear; large-scale investment on research and innovation as well as educations and training is the key to a multicultural and forward-thinking city.

Likewise, the growth of a creative industry might be explained as an improvement of the whole social background, above all the elements which permit a better and faster connection, such as public transports, broadbands, public spaces to be shared etc.

Finally, the rise of the creative city is immediate, as a result of a substantial support of the government through cultural and international events.

Summing up, in this paragraph has been discussed the dimension of the context and the role it plays if handled as a powerful resource for generating both profits and ideas.

The borders of cities are considered vital to the development of social interaction, key to the growth of companies' cluster, that symbolise how the impulse of the city can affect the entrepreneurial sphere, hence the whole economy progress.

2. Taxonomy of the Creative City

The object of this chapter is to analyse the elements that are useful to define a creative city. The research of peculiarities of specific creative *milieu* considers if given specific conditions the elements could be replicable

Formerly, according with the literature of Helbrecht¹⁴, three commons takeaways are constantly present in creative cities:

- A. **Production of knowledge**, derives from an accumulative process which is enforced by interchanges characterised by all the reciprocal interrelationships which happen in the city environment;
- B. **Interchanges within the network**, delimited by different stakeholders which diverge for spatial proximity (accessibility to information) and institutional proximity (regulative policies);
- C. **Exchange of information**, within a creative space is feasible for all citizens which are enlightened by a cultural background.

A precise taxonomy does not describe exhaustively the aspects which determine the development of a creative city. Despite all the denominations, the most the city improves flexibility, diversification of activities, sociality between the actors, experimentation of innovative paths, the most productive and regenerative is the environment wherein people interact.

The heterogeneous aspects have been analysed across three different degrees.

The first level of analysis focuses on recognising the value of cultural resources in an environment and the capacity of investigating which are the resources to be used to design and build the social and physical urban fabric. The sources which are deeply rooted in a society involve the heritage, the landscape, the educational system and intercultural activities which fasten people and let them share knowledge that comes out from the urban pattern.

Even though cities have a crucial key role of aggregation, considering just an urban planning perspective is a misjudgement. In fact, all the actors involved in the district advocate for a cultural exchange which takes place over the street of the city. Through this innovative approach, there is a second level of analysis of the relationship between creativity and the city: people that get involved contribute through their creative professions to economic growth

¹⁴ Helbrecht, Ilse: The Creative Metropolis, International Journal of Architectural Theory (1998)

which delineates a positive influence over the city. The regeneration of urban spaces passes by all citizens who live in a determined social pattern. The same pattern goes in both directions: from city to man, from man to city where both are fundamental to each other: citizens are the nourishment of the city through their creative actions although city nurtures people through a well-disposed urban plan which reinforces cultural diffusion. The third level regards the relationship between creative cities and creative industries. However, there is not yet a common classification at European level useful to evaluate the impact of creative industries. Cultural and creative industries grow up on a productive environment which covers an important role for stimulating creative ideas and innovative products. Going further, processes of production of the CCI find their impulse in the creative realm and directly from creative cities.

What are the peculiar elements of the creative fabric?

What are the attributes that make an environment creative?

Why does it necessary to cultivate conditions that speed up creativity?

Society can encourage or discourage creativity. There are attitudes that lead to an appreciation of the innovation and others that tend to inhibit it. As a matter of fact, mobility, diversification, comparison and experimentation are all necessary ingredients to ensure the role of an environment at regenerating itself and build on a fertile ground in which people coexist.

In the era of New Economy, *"knowledge is the key factor to develop the productivity and economic development, and to explain the different performance between companies, regions and countries"* (Montanari,2011).

Therefore, in addition to the production of goods a great relevance in the cognitive capitalism is played by the new symbolic good *"that generates value by transforming and using the thoughts, emotions, and identity. Science and technology become factors powerful to change that in a few years radically transform the production and consumption habits. But the place of their application is becoming less and less the factory manufacturing, where a material changes, and more and more the mind, the thought put into the network in the virtual space of communications. The knowledge used in the services passes less for cars and more for people"* (Rullani, 2004).

All these factors have led to the emergence of the creativity as a strategic factor in the production of goods and services because of social aggregation in specific places.

"The territories have now become an asset of strategic value for the support of creativity and then the definition of competitive advantage. [...] Can be thought of as containers of knowledge, localized, linked namely to the experiences accumulated across time by those who live in that context and shared with other actors of the territory through continuous interaction".

(Montanari, 2011)

Another element to bear in mind is the outsourcing¹⁵. The phenomenon of globalization characterizes international development with important consequences over the city in the reduction of boundaries and transactions.

Indeed, the cities are suffering three different processes, in accordance with Santagata:

"The cities of the world are today affected by three processes: the recession of the boundaries that transforms the entity clearly in open land of which it is difficult even to define the limits and dimensions; the birth of Nrp (Non-resident populations), starting by the commuters who use mobility tools to deploy activities on large land to low density and, finally, the phenomena related to the diffusion of media and mass culture that contribute to mutations in the deep of the forms of government and also of the representation of the shared social reality" (Santagata, 2009).

However, the urbanisation phenomenon has emptying the countryside and the urban spread have led to some negative issues: low density residential with high consumption of public land; the growing use of cars; increased pollution, road accidents, high infrastructure costs; the high use of energy, land, and water; depletion of the public sphere, due to the reduction of the spaces of relationship and of the opportunities of socialization and communication; identity crisis of the urban territories (Grandi, 2012). Within the borders of the city, an irreversible crisis has caused the loss of workforce and the consequential decrease of employment caused by the financial crisis which hit strong the whole economy in 2008.

From the other perspective, the globalization brings to international expansion of companies and a strong mobility of the world population with a result of very aggressive competition between the cities.

¹⁵ This term refers to the gradual growth of the share of workers and of product in sectors other than agriculture (primary sector) and industry (secondary sector), and that is in the field of trade, public services, transport and telecommunications, loans and insurance, professional services, and rental of real estate and in public administration.

It does matter that each city is the centre of relations between people that share activities, spaces and behaviours and each city has its own role in improving the economic growth of the region. Cities may choose if compete or cooperate and the importance of defining a proper position in a competitive context is truly crucial to obtain the competitive advantage that will be later described as the main aspect of Florida's theory. Every city has a unique soul that is perceived both from its citizens and people from abroad: by exploiting the cultural environment, the city could create a unique value proposition that will lead to be an attractive place for trades and for living.

2.1 How the Cultural Planning affects the creative city

The Cultural Planning is an approach underlined primarily by public policies where culture is a driver not only for cultural promotion, but also for the rebirth of the urban economy in terms of income and employment.

Cultural planning in its wide definition is related to the development of cultural strategies to different aspects of urban regeneration as well as the promotion of partnerships across public and private sectors. In a common vision, its purposes are at achieving multiple sharing and wide goals, creating vitality and artistic, economic and social relevance to identify the current how to develop public and private infrastructure and facilities.

Born as a response to the problematic implications that globalisation has had within the urban fabric, cultural planning approach tries to respond to the institutional fragmentation, to the ever-growing character of the economic agent in the global scene and at the same time the needs for a collective approach to the creation of a competitive advantage.

Therefore, the cultural planning attempt to overcome the traditional approaches to urban development, recognizing the strategic value of cultural resources. This means that if the cultural policies tend to organise a sector-by-sector policy (support for theatres, museums, libraries, and other cultural expressions), the cultural planning adopts a territorial jurisdiction, and its purpose is to see how cultural resources can contribute to the integrated development of a place.

The focus of cultural planning goes from a sectoral approach to a territorial one, in fact the approach of fits in the processes of participatory planning of the community, making broader progressions and allocation of resources. Likewise, the approach goes further to enhance the role of culture as an instrument of inclusion and social participation.

As underlined by Charles Landry "*there is the need to shift planning priorities from an orientation facing to the infrastructure to another that endeavours to understand the dynamics of places and of how people perceive changes in their*". (see Landry, *The Art of City Making*, 2006)

To develop a cultural planning, the territory needs of urban planners, sociologists, economists, artists that cooperate with the public and private sphere.

The process of elaboration, management and implementation of strategies is based on cultural heritage resources. It "*is not intended as the "planning of culture" [...] but rather as a cultural*

approach to any type of public policy. The cultural planning is the strategic and integrated planning of cultural resources in urban development and the community" (Mercer, 2006).

According with Mercer, one of the maximum expert of urban development, cultural planning is the foundation from which all other functions flow. Going further, planners create spaces, but spaces are made by people who through their daily activities reshape that territories.

The scholar stresses, therefore, the need to broaden the agenda of planners, through a corrective ethical projects and plans, based on consultation and researches rather than on the aesthetic designs of the utopic space. To explain the significance of cultural planning, Greame Evans, currently director of the Cities Institute at London Metropolitan University provides an overview of the different applications of the planning concept: *town planning, strategic planning, arts planning.*

Indeed, the cultural planning is a combination of the three different approaches defined as the art of urban planning, such as the integration of artistic expressions and cultural heritage in the urban society, but also how the strategic use of cultural resources to the integrated development of the city. These elements are the necessary basis to connect the cultural approach to urban planning assuming that all aspects of the public culture, including activities, services and infrastructure, are considered in parallel to the urban design strategy that includes heritage conservation, transport network and accessibility.

Returning to the definition given by Mercer, he attributes properties of being strategic and integrated to cultural planning that aims to "*create connections with the physical planning and urban development purposes, economic and industry, with initiatives for social justice, through the planning of recreational activities, policy for the households and the public works*"(Mercer, 2006). Conversely, cultural planning is not a way for the development of architectural spaces but mainly aims at satisfying wishes and needs of the community. That is the explanation why planners of the culture "*may not be present as external, but must be active members of a "coalition of growth" and their contribution must fit in with the other planning processes of the urban fabric.*"¹⁶(Mercer, 2006).

The concept of *cultural resources* as adopted by the cultural planning extends the traditional boundaries of art and cultural heritage, referring to all the resources available in a reference context.

¹⁶ Mercer C., Cultural Planning For Urban Development And Creative Cities, 2006

Bianchini¹⁷ classifies the resources in:

- The visual arts, media activities and cultural institutions;
- The organisations of the cultures of youth, ethnic minorities and other “*communities of interest*”;
- The heritage, which includes archaeology, gastronomy, dialects, and local festivals;
- The images and perceptions of the city, both local and external, including the ways in which they change over time and how these can be interpreted by different groups within the population, such as, for example, children, the elderly, and specific ethnic communities;
- The environment natural and built, including architectural heritage, landscape and the topography of the territory, the parks and public spaces;
- The variety and quality of leisure, cultural, dining and entertainment;
- *Milieu* and local institutions for scientific innovation, and intellectual. Including Universities and private centres of research;
- The repertoire of products and production capacity, local crafts, industry and services, including culinary products and design.

Accordingly, the knowledge of resources and characteristics of a city facilitates the orientation of the internal and external demand *vis-à-vis* with the urban offer, in other words, to identify strengths and weaknesses to increase attractiveness and to safeguard competitiveness.

To design an efficient cultural mapping, it is necessary to adopt a method of evaluation that involves all the actors of the process.

"Planners and urban designers play a key role in the construction of the culture of the city and in creating the conditions for fostering creativity" ¹⁸(Landry, 2006).

Through their decisions, planners have a profound impact on people way-of- live and on cultural values collectively shared. In identifying the possibility of economic and social development of a city, the process of evaluation of resources carried out from a cultural point of view, taking for granted the skills, the talents and ideas of the different districts.

¹⁷ Professor of Cultural Policy at the university of Leeds in Great Britain

¹⁸ Landry C., *The Creative City: A toolkit for urban innovators*. New Stroud, UK, London; Earthscan, 2008

Consequently, the focus shifts from a unique representation of physical planning to a deeper consideration of the social dynamics of a territory. A sensitive cultural approach emphasizes people interaction able to create wealth, but a creative city has the commitment to create conditions wherein inhabitants can act in a creative way.

In the urban context, this means providing an environment that promotes the exchange of ideas and experiences, and the possibility to turn these ideas into products, services and innovative solutions to solve urban and social problems.

"Architectural scenario needs to include highly-skilled labour force with flexible and dynamic thinkers, creative talents, to trigger the dynamic virtuous cycle of urban creativity" (Landry, 2006).

This approach represents a useful tool for assessing the creative projects within the city in various phases of development and demonstrates how the urban creativity, considered the engine to start the renewing of spaces, can be systematically reinvigorated.

The cycle creates its continuity through five stages:

1. **Increase the ideas and develop skills:** this means to encourage and strengthen the capacity of people to develop new ideas and projects.
2. **Turning ideas into reality:** creativity often occurs in a limited way and in a short time, for this you need to create a fertile ground where ideas can be easily translated into innovation practice.
3. **To create networks and to circulate ideas and products to keep a creative city:** to build a network of people and activities connected through the exchange of ideas, projects, information, and opportunities.
4. **Offer a platform for opportunities:** creative people need spaces where design, the creative city must then make sure to offer affordable, sustainable centres, creative space for experiment and exhibition spaces.
5. **Build a market and audience:** to disseminate the results in the city through public networks and distribution chains, and discuss the results by encouraging the creation of new ideas.

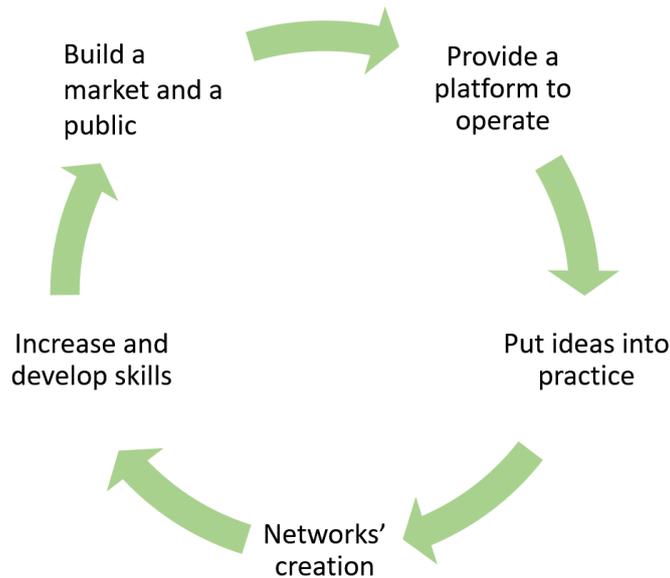


Figure 7. Cycle of urban creativity.

Inspired source: Landry C., *The Creative City: A toolkit for urban innovators*. Personal reproduction

Contemporary cities that aspire to be active actors of the new economy should be the catalysts for new creative talent, with the aim of nurturing the local economy.

To optimize the local creativity that aims at promoting growth and innovation, the competition among different cities is not based only over technical knowledge but to obtain satisfactory results in fact, the competitiveness should focus on higher quality and diversified products.

Grandi points out that many local governments considered *"the creative city as the objective towards which to orient the strategic development of the territory. [...]* This process let the creative cities to move from innovation to attractiveness, from research to international openness. The trend of creative cities attracts the attention of both the public administrators and scholars in the disciplinary areas which are both investigating different characteristics including urban planning, geography, sociology, economics, marketing, anthropology, psychology.

The UNESCO describes the cultural mapping as *"[...] the approach favoured by national Governments to study and understand the creative industry sectors before making policy decisions. The mapping, which implies an effort to identify the cultural activities, relevant on an economic level, the organizations, the employment and the relations internal to a given area, such as a city or a region, has the added value that his own creation can generate more knowledge and foster collaboration between different stakeholders in the sphere of culture, creating moments that can influence the political sphere and facilitate decisions appropriate policies."*

Regarding the role of creative spaces, Santagata (2009) analyses the strengths of the territory in three points:

- I. The existence of several centres, an historical identity and a strong urban dimension;
- II. The presence of heritage, artistic and architectural of great importance that give the possibility to cities to rely on elements of attractiveness;
- III. The presence of social contexts that are strongly cohesive (festivals, cultural events...).

In the attempt to establish the characteristics that makes a city appealing, Grandi identifies different dimensions of capital that are peculiar for the growth of the creative cities:

- **Intellectual and social capital:** to compete in the context of the knowledge economy at the global level is crucial to develop and improve the population's abilities and competences.
- **Democracy capital:** the governments must adopt transparency and accountability in the dialogue with the citizens.
- **Cultural capital:** consider the culture as the main source that can enlarge both the business and the sense of belonging to a territory in intangible forms;
- **Environmental capital:** cities consume large amount of resources and must develop policies for a sustainable and clean environment.
- **Technical capital:** technology should be used for improving the everyday people's life. For instance, from public transport, to housing, water and energy and extensively to new demands for effective communications, from broadband to Wi-Fi.
- **Financial capital:** the necessity of capital for investments in the creative city for services, often in relationship with the private sector.
- **The capital for leisure and entertainment:** a city acquires much more likely international visibility wherein the ability of entertain, to invest in tourism activities and leisure events is higher.
- **Creative capital:** describes the conditions necessary to favour and nurture a higher level of creative capital that allows the conditions for innovation, new high-tech businesses, occupations and economic development. "*The redefinition of consumption which means the enhancement of the role of human capital and creativity*" (Florida, 2002).

As we have seen above, the concept of human capital of Florida is followed by the definition of "*creative capital*" that is, "*the ability inherently human to create new ideas, new technologies, new business models, new cultural forms and new industries*".

To sum up, the cultural planning is a fundamental approach that highlights the role of the urban development planning with the purposes of growth in the broadest sense; from the deepest cultural roots, the city must exploit all its resources to be an active actor within a globalised world. More importantly, the city has the power to attract an incessant amount of people that would enlarge the boundaries and would enrich the city's positive climate.

Cities act as aggregator; thus, they should develop structured strategies to gain a competitive advantage.

2.2 The Florida's approach to Creative Cities' development

"Creativity . . . is now the decisive source of competitive advantage." (Florida, 2002)

Along the years, scholars reviewed the concept of creativity and move a step forward to comprehend how creativity emerges from physical spaces (cities, districts, neighbourhoods) and how those spaces can influence the development of creativity.

Richard Florida has identified a new economic class – the Creative Class – that he considers the next leading economic together with cultural life in the century to come, that is going to overcome the working class predominated in the earlier decades of the twentieth century and the service class in the later ones.

Despite the creative class is not as big numerically as the service class, it is nevertheless the spark that lights up the growth and the economic development.

With the rise of the creative class, the new creative industries have moved from the margins to the economic centre. (Florida, 2002).

Florida's definition of "class" has been described as a *"cluster of people who have common interest and tend to think, feel and behave similarly, but these similarities are fundamentally determined by their economic function-by the kind of work they do for a living. All the other distinctions follow from that."* (Florida, 2002). In his theory, he considers that people who belong to a class share a common attitude that generate creativity and self-expression considered everlasting values that delineate the borders of their class.

The creative class for Florida embraces all the typology of workers able to add economic value across the creation of *"meaningful new forms"*.

Florida emphasises that social interactions are crucial to develop the creative class and called *"creative city"* the core environment where creativity proliferates. Following his analysis, the development is strongly concentrated in regional areas where creative people felt inspired by the stimulating environment where they are involved to. Specifically, large cities and regions offer energetic and motivating opportunities due to their both cultural than liveable framework. Furthermore, cities attract artists, musicians, professors and scientists as well as creative industries that are expanding the social base of cultural enterprise, outspreading opportunities to sections of the population previously characterized by low entrepreneurial activity and various forms of social dependency.

Creative industries include a good proportion of micro-businesses and SMEs, and simultaneously involve some of the world's largest corporate brands, although they are not considered just capitalist and corporate giants.

Indeed, they require a new mix of public and private partnership. Economic success stories such as Silicon Valley and the creative industries in London are always accompanied by the substantial involvement of universities and government agencies, which take up some of the burden of pre-competitive R&D, and provide a milieu in which creative clusters can flourish.

The impact of creativity and culture on the economy is always related to the referring context. Considering the context as the environment where creativity takes place and where it is enhanced, there is a direct relationship between the development of the so called cultural creative industries and the places where they are born. Florida delineated the idea of creative cities thus considering those spaces not just as districts where culture is spread among museums, art galleries, concerts, exhibitions and so on, although cities have the powerful capacity to attract workforce because of their own capacity of agglomeration. Indeed, urban spaces have the peculiarity of closeness that has brought economic activities to grow up together to gain productive efficiencies.

Academics, researchers and economists have theorized how the city has an impact on the economy of a country and on social life. Nonetheless, cities are spaces where creativity takes place and the recent literature has analysed the direct connection among the dynamics of those spaces with the concept of creative cluster (Marshall, 1890).

Two centuries ago, Alfred Marshall was the first economist that begun with the concept of *agglomeration* from which derives the idea of clusters as "*concentration of specialised industries in particular localities*". The Silicon Valley, the industry of Hollywood, the East London Tech City are brilliant cases of competitive advantage deriving from a geographical agglomeration that leads to the question.

Why do firms cluster?

Marshall identified positive externalities deriving from the co-existence of firms and workers in corresponding businesses and focuses the attention on the geographical dimension where industries were located. He realised that specific industrial specialization has developed a dynamism based on the geography closeness in comparison with other industries located in different area.

Porter from Harvard Business University during 90's recalled to Marshall's idea and defined clusters "*Geographic concentrations of interconnected companies and institutions in a particular field*"¹⁹ defining that clustering leads to a form of competitive advantage of which he underlined three major sources:

1. ***Production realized by specialized knowledge, skilled labour and specialist***, developed in a complementary relationship among firms and industries, in addition to an important part played by universities and training institutions at supporting knowledge;
2. ***Innovation opportunities***, deriving from closeness and proximity to buyers and suppliers, interaction with others in the business and the challenging pressure to innovate in a constantly competitive context where products and prices are similar;
3. ***Emergence of new businesses***, supported by a better access to information about opportunities, a better accessibility of resources required by business start-ups (e.g. venture capitalists, skilled workforce) and less barriers to exit from previous businesses.

The work of Porter aims at understanding that nowadays competition is stronger than in the past, though it is necessary for companies to mitigate the competition disadvantages by joining together and being more productive.

The role of cluster is crucial in the business environment because proximity allows companies to be more efficient and less competitive and compete all together outside the area.

The subtle question is if there would be a direct relation between the friendly and vital environment of the city and the economic growth of a specific industry where firms work together in a cluster. Moving from Schumpeter to Porter and arriving to Florida, the research related to the creative city investigates how the efficiency of an agglomeration of industries might be directly related to the liveable context where they are located.

Scholars argue that clustering means efficiency, others refer to the positive benefits of co-location, the so called *spillovers*²⁰. Probably, the most relevant argument that pushes companies to cluster is visible in increasing and empowering aggregation of talented people who trigger innovation and economic growth. Whatever is the reason, concentration of talented human being would be a great fount for outlining strategies of competitive advantage.

¹⁹ Porter, M. & Delgado M., (2010) Clusters and entrepreneurship, CES

²⁰ A peculiar type of benefit that derives from clustering is the knowledge spillovers where according to Griliches (1995) are borrowed by firm (industry) *i* from firm (industry) *j*.

Indeed, Florida has been capable to address to the figure of professional the core of the idea of the creative class, that rooted in the socio – economic context is made of "*people who build added value thanks to their creativity*" that is a concrete factor considered as a lever for the growth of the city ((Florida, 2003, p. 101).

Florida names creative class the group of people who belong to a community rooted with creativity and knowledge, hence he considered talented people crucial for the emerging of a contemporary city which would lead the core of the urban generation.

Due to their close districts, most cities offer the possibility to run businesses that involves several actors where transactions costs are less expensive. The theory of *Social Capital* carried out by Florida considers the close ties and relationships among group of talented individuals which share the same spaces. Though, it can be argued that the economic growth of a region depends primarily from the availability of people located in the same place with a high level of education and productivity as source of human capital.

However, the role of city as networks can be legitimated by policies that would help to make dynamic processes of integration faster, bearing its function of meeting point.

The economic growth considered because of social cohesion, trust, and relationships, as documented in Florida in the United States, at the beginning of 2000, counts for approximately 38.3 million of people working in the cultural creative industries occupying the 30% of the entire workforce. In any case, the creativity is not a valuable approach to generate economic wealth; indeed, the city should be an incubator for creative workers, creative ideas, creative projects that enable positive economic outcomes.

From this point, Florida delineates three fundamental values that a creative city should have to attract the so called creative class. These three values have been summarised in the 3T's: technology, tolerance and talent.

Technology is an evaluation of how pulsating the R&D and technological sectors are, hence how much innovation is prompted into a given city. Recalling the idea of Schumpeter and later Porter of cluster, Florida declares that concentration of high-tech companies may have the function to attract the creative force, then to generate new technologies, therefore making the region even more high-tech oriented. To capture the attention of creative workers, the city should act as a hub for the integration of creative people. According with the technology element, tolerance measures the level of cultural willingness to be opened to new ideas that attract people from abroad.

Tolerance is described as the openness to the novelty and diversity of a city characterised by a promotion of multicultural environment. In a tolerant city, there should be equally acceptance, or in other words individuals must be treated in the same way independently from their culture, origins or sexual orientation.

The more the city is opened the more can embrace all potential outcomes that creative workers can generate, whereas a low level of tolerance makes the city to be no more attractive for people that come from abroad. So that, a city should not lose its position of '*competitive advantage*', albeit reinforcing it by creating a liveable environment. Paraphrasing Florida, as the importance of having low entry barriers is fundamental to let industries grow, the same is for places that creates a '*creativity advantage*' by welcoming the highest number of creative and talented people by promoting a positive and amenable urban context.

The city's level of tolerance is defined also the '*Gay Index*' considered as an indicator of openness and comprehensiveness that might match in a correspondence with the attitude of creative workers of the creative class.

Talent weights the measurement of how many talented, capable and creative workers are present in a region or city. The human capital and the level of education means an analysis on universities, schools, educational structures and the level of teaching and training, while at the same time talent should considered the '*Bohemian Index*', a measure of concentration of artists, writers, performers and similar professional figures.

The emergence of the creativity discourse has brought the figures of bohemians as creative proponents, while in the past they were considered as bizarre and poor people living at the margins of society. The shift of the consideration of the bohemians might also be a clear symbol of the new economy that considers creativity as a necessary element for the growth.

To sum up, the three elements of the creative class are individuated in individuality, and the affirmation of the self; the meritocracy, that means skills and knowledge and competencies; diversity and openness.

To empower the ground for the creative class there should be creative centres "*in order to provide the integrated ecosystem or habitat where all forms of creativity – artistic, cultural, technological or economic – can take root and flourish*" (Florida, 2003).

According to the author, the persons belonging to the creative class wants the wealth of attractions and experiences the qualitative, but also a piece of land "open" to diversity, and in a way, they want the recognition of their identity as creative.

The city is at the centre of the '*creative capital*', that is, of the endowment of the creativity of the city as the main factor of aggregation and of the economic and social growth (Montanari, 2011).

Economic development is therefore powered by creative people. According to Florida (2003) a high and different level of creative capital in turn creates the conditions for innovation, new high-tech businesses, occupations and economic development. These people prefer the "*different places, tolerant and open to new ideas*" (Florida, 2003, p. 295).

According with a research conducted on the OECD countries, creative class workers are located in the tertiary economy and in developed countries encompasses for 30% to 40% of the employment. Going deeper, the specific industries core often reflects the education level of the employees. This will bring to different interchanges among jobs, occupations, lifestyles, and places of living which, following Florida, is the basis of a positive business climate that attracts investors and more talents. Yet, creative class approach could be considered by separating the knowledge that characterizes the worker; according with Asheim and Gertler (2005) analytical, synthetic, and symbolic knowledge are considered the acknowledgement of talent expressed in different steps of the innovation process (Asheim, Coenen, and Vang 2007; Hansen, Vang, and Asheim 2005; Lorenz and Lundvall 2006; Moodysson, Coenen, and Asheim 2008).

The innovation process of firms differs among various industries and sectors whose innovation activities require specific '*knowledge bases*' (Asheim and Gertler 2005).

The analysis of the knowledge aims at understanding how it has been codified to later consider the competencies of talent in managing the creative processes. The *analytical knowledge* base refers to economic activities with a scientific background based on formal models and codifications. This typology of talented bases individual is considered crucial for the development of new technological product and processes that go towards novelty. The *synthetic knowledge* base addresses to economic activities whereas innovation takes place mostly through the application or novel combinations of existing knowledge often shaped in response to the need to solve specific problems through interactions between customers and suppliers. Differently from the analytical base, the synthetic knowledge has seen as more routinized processes based on a know-how formerly acquired that generates incremental innovation, dominated by the modification of existing products and processes. The *symbolic knowledge* belongs to the aesthetic sphere of production, better expressed through cultural artefacts. The new knowledge based economy has seen the increasing significance of symbolic knowledge in the emergence of a dynamic cultural production that come from the cultural and

creative industries (Scott 1997, 2007). Due to its inner cultural nature, the symbolic knowledge is based on a process of socialization that is more important for acquiring *know-who*; in other words, sharing the knowledge with social interaction in the professional community (Asheim, Coenen, and Vang 2007; Christopherson 2002).

Analytical (Science based)	Synthetic (Engineering based)	Symbolic (Arts based)
<p>Developing new knowledge about natural systems – scientific approach</p> <p>Scientific knowledge, models and highly abstract</p> <p>Constant relevance of places for innovation processes</p>	<p>Know how based – combination of existing knowledge</p> <p>Interactive learning with customers and suppliers</p> <p>Variation of relevance of places for innovation processes</p>	<p>Creative meaning, desire, aesthetic, intangible sphere</p> <p>Creative process that starts from the place where people get involved</p> <p>Cultural production as the result of symbolic expression</p>

Table 2. Different typologies of knowledge based approach.

Personal adaptation based on: Knowledge Bases, Talents, and Contexts: On the Usefulness of the Creative Class Approach in Sweden (Hasheim, Hansen, 2009)

Here we can find a relationship between the creative class of Florida and the aesthetic knowledge; however, the talent element can't be disaggregated from the context. As we have seen before, according with the research of Cattani and Ferriani, the environment made of social interaction is a determining factor for the development of the creative process. According to Florida, face-to-face relationships are the nourishment for a habitable people climate where the creative class can be expressed at their best. The approach of Florida is related to the economic attractiveness to the creative class, specifically referring to new and emerging high-technology. Despite technologic industries seem to favour the synthetic and analytical knowledge, Florida argued that the best conditions for nurturing a people climate may be addressed to the symbolic knowledge base. On the same wavelength of Florida, Storper theorise that a symbolic base can be found uniquely in specific context where talent *“learns from an alternative circuit of cities, the arts, and the “street”* (Storper 2009,14). He explains that connecting the symbolic knowledge with innovative processes is the way through which individuals belong to the environment and absorb as much as possible the cultural aspects and values that belong to multicultural milieu while maintaining a future-oriented view.

In the creative process “*Sites and spaces are particularly important, since they are the arenas in which taste is negotiated and constructed. For highly aestheticized, subjective, symbolic, and experiential products, the negotiation of taste is central to the creation and adherence of value.*” (Storper, 2009).

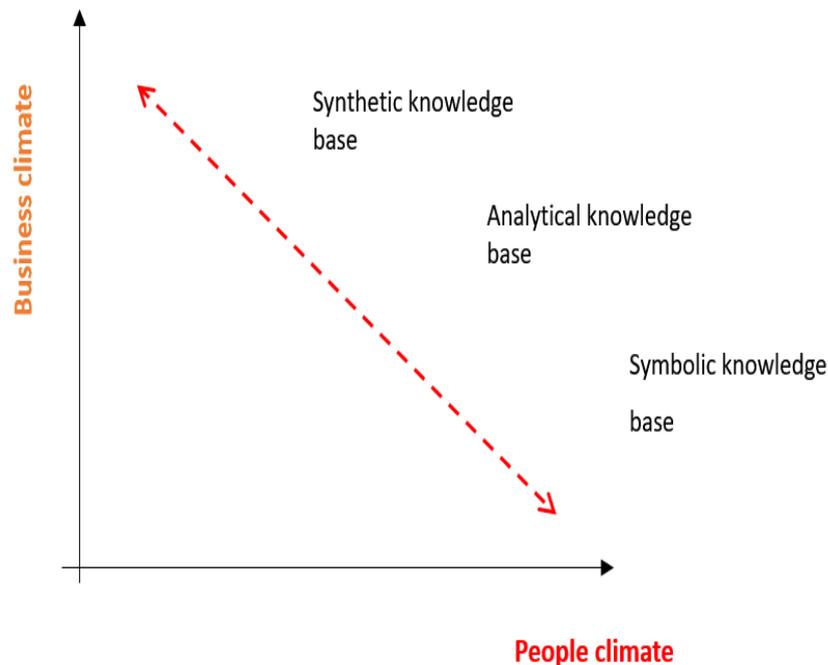


Figure 8. The direct relationship among people climate and business climate towards the three typologies of knowledge. Personal adaptation

From this research we can theorise that an industry based on a synthetic knowledge base won't necessarily share identical preferences for living in a large city region with a symbolic knowledge base, in other words, engineers or specialised workers might not feel the same need of living in a lively context as artists do.

The link between talents and their urban preferences is summed up by Storper “*the more organizationally internalized the actor's relationships, ... the more an actor's context is intra-organizational and possible task specialized. [...] At the other extreme, shallow or artisanal divisions of labour and less 'purified' definitions of tasks will depend on more diverse, irregular, and uncertain external communications. Locational economics suggests that the latter tends to be located in more 'diverse' and urban local economies and the former in more specialized and less urban ones, all other things being equal*” (Storper, 2009). Florida and Storper support the idea that in the knowledge-based approach, face-to-face relationships enhance the creative process not just in case of symbolic base knowledge but also

in the analytical and synthetic one, where sharing information and having a dynamic multicultural context might trigger the whole creative process as well as the talent can be formed within the context.

Florida's theory delineates the more likely direct relationship between creative people that look for vibrant, cultural environments and places where a multicultural reality is present, where the city has the function of meeting point, where find inspiration and social cohesion. The existence of a strong connection between innovation and regional growth, attracts and retains talents that consequently encourage and nurture business and economic development.

From the research of Florida emerges that despite some regions have an agglomeration of good universities, international firms and a positive economic environment for start-uppers and new businesses, other are less likely to encourage growth. The relationship with the 3 T's of Florida may explain the difference: what is missing in those districts is a friendly and vital social environment, where people are stereotyped and platitudes are harder to bear because strong dogmas are shared in the community, specifically related to religion, working sector and dominance of men over women.

Moreover, difficulties due to a narrow cultural background and narrow vision on sexual tendencies may sound unappealing for the development of creative class.

In their multifaceted personality, individuals share a common creative *ethos* that appreciates values such as creativity, individuality, diversity, and meritocracy and their choices are driven more by autonomy and flexibility.

Finally, Florida's theory on creative cities focuses on the fact that the development of a site is driven by the location choices of creative people, described as a catalyst for companies and investors. These people belong to different environments, they are tolerant and open-minded, bearer of new ideas, thus, if a place wants to be competitive at the global level, according to Florida, it should adapt to the needs of this new class.

However, the model proposed of the creative city and creative class have been criticised under several aspects; according with most of the scholars, Florida has developed a too much simplistic model while the relationship between the creative variables analysed and the real effects on the economic system is not merely direct.

Florida's creative class approach to urban economic development has had a positive impact on urban politicians in the Western World to become a relevant aspect considered by

policymakers which made efforts aimed to provide an amenable environment that prompts creativity. Major efforts are made to enhance the creative city's milieu by realising cultural projects that encourage art and creativity to accentuate the liveability of the place, especially in energetic neighbourhoods. Despite Florida encourages positive approaches to establish an environment able to attract investors, despite he encouraged a positive climate by providing a tolerant atmosphere, academic researchers have often been highly critical of his work.

The previous analysed approach provides by Asheim and Hansen (2009) argued that Florida's notion of a single creative class needs to be reviewed. Their own research that utilizes a different knowledge-based approach (i.e., synthetic, analytical, and symbolic) points out that there are other typologies of knowledge at least considered by Florida.

They argued that Florida's creative class are current specifically into tolerant, stimulating and energetic cities especially considering the symbolic knowledge and partially excluding the more scientific approaches rather maintaining a focus uniquely on the both aesthetic and creative core. The fact that Florida concentrates the efforts of his research on creativity in, at the same time wide but narrow approach, has been also debated under political aspects. The major critics gravitate around the political aspect of the theory that to be implemented as far as it has concerned it should account on policies and governmental support. Indeed, geographer Chatterton highlights the "*opportunistic rather than strategic thinking*" thus the city becomes a fertile territory where policymakers and counsellors can act as they are emancipating the space while they are not doing anything at all. These thoughts are related to the hypothesis that concentrate the efforts uniquely over the creative aspects might left unconsidered more structural issues faced by urban districts hence, the development of the city might be seen as a pot of new possibilities for easy infrastructural investments and contractor.

The social problems that affect a city seem to be far from the Florida's research. Nonetheless, contrarywise, social inequalities are often ignored, despite emphasised by cultural policies for the rise of the creative class that follow a process of gentrification in most urban centres or (Peck, 2005; Miles, 2005). Social critics are addressed to a lack of labour division method in the city that leads to the problem of categorise the working conditions where they operate, what does it even mean to have a creative job, what should be the real conditions to consider a worker creative, even if he is unskilled (Niessen 2007). Markuseen (2006) bring the creative class back up from another perspective debating that to regroup all creative groups that apparently belong to different work classes (for instance artists and engineers) under a same

cluster of creative professions is simplistic. As a matter of fact, it is empirically counterproductive since it seems that each group can be attracted to regions, cities, or communities that is unlikely due to different set of policies. Critics of Florida's method are often circumscribed in the realm of contemporary deindustrialized, neo-liberal, and globalized urban context. The current urban context increased global competition between cities (i.e., for mobility of employees and jobs). Peck discussed that even cities become creative in accordance with the 3T's, the commitment constitutes a challenge to economically assault the city in terms of aggressive hucksters that would like to take advantage of the eventual positive policies.

Even if the research of Florida might not be considered as consistent if considering the social aspects, his work aims at understanding how by a clear redistribution of the creative class, he was able to categorise the people who create high wage jobs, thus promoting greater geographical/economic equality and a clear impact over the region's economy.

Indeed, Florida acknowledged that whilst a development of the presence of the creative class in a city or region tend to promote economic growth, it simultaneously increasing inequality within that city or region. To underline the critics, the research of Florida succeeds as positive solely in few cities in the United States where produce higher wage for higher skilled talents that embrace creative jobs but on the same level of low paid working class. A consequence of his theory might be seen also in the tendency of raise rents, thus making it difficult the mobility of bohemians that characterise the core of his theory. In accordance with Peck, he disapproves the relationships between the elements of the Florida's model; firstly, the simplicity of the model that makes it one-dimensional reduces the complexity of the phenomenon; the *milieu* of creativity are the product of sophisticated and contingent situations made of different variables difficult to estimate; in the second place, there is not linear relationship between the creative class and the local economic development but an encouragement; thus according with Scott, the local growth is a co-evolution of all the elements of the urban life, hardly transferrable from a city to another (Scott, 2006).

There are plenty of critics to his model, anyway the theory supported has been very popular and the cities that apprehend the positive aspects of the model are nowadays the arteries of a regional growth that is a voluminous part of the economic wealth of a country. Finally, we can argue that cities have become more brand-oriented, indeed also through a social media approach are able to promote themselves not just for touristic purposes but for being considered appealing from investors.

2.3 How to evaluate the creative city's economic potential

“So, the creative industries are important because they are clustered at the point of attraction for a billion or more young people around the world, and are the generative edge of urban, economic and human growth alike. They’re among the drivers of demographic, economic and political change. They start from the individual talent of the creative artist and the individual desire and aspiration of the audience. These are the raw materials for innovation, change and emergent culture, scaled up to form new industries and coordinated into global markets based on social networks.”

John Hartley (2009), p. 208

What are the measurements to estimate the potential of a creative city?

The question has pushed scholars, economists and academics which are still looking for a more accurate estimation. The subject has been a very recent development coinciding with the rise of globalisation, the emergence of rapidly growing and changing emerging of economy cities. More and more, the concept of the city 2.0 as *meltin pot* of new ideas and attractor for highly mobile enterprising people, has shaped the entrepreneurial development.

The mobile human capital, is rather more important than the city's resources or investment capital; it is the criterion by which a city can be defined both creative and innovative.

The higher is the role and the power that belongs to people, the more entrepreneurial and capable those people are, the brighter will be the future of the city.

Cities might become a brand through the development of zones of attraction. Indeed, in the past, city was considered great because of its powerful and richness; nowadays, instead, a great city owns a core of creative activities which are incentives to trigger the entrepreneurial development. Hence, a measure to understand a city's potential value derives from people: a potential evaluation relies on the city's function of the influx of smart new people.

The new approach highlights the role of education, especially elite universities, that lead the growth of the city taken for granted the *choices of a mobile elite of smart global citizens*.

Consequently, a great creative city is made of capable actors that should have been prompted up to attract even more smart people. The emphasis lies on the role of good rules or institutions (economic efficacy) that should create dimensions where people can express themselves. Thus, it is necessary to delineate a set of indicators to capture the economic impact of cities. Appropriate policies are difficult to implement, because simply committing large amounts of public resources may not be sufficient. Given the increasing phenomenon, the research of parameters useful to evaluate the impact of creativity on the city and contemporarily how competitive is the city in the global environment became necessary. According with the report edited by the ARC Centre of Excellence for Creative Industries and Innovation (CCI)²¹, the key insights for measuring global creative cities are mobility, urbanisation and technology. Indeed, the most creative city are more appealed by proficient people who add value to the expansion of the area in economics, social and cultural terms. Thus, there was realised an analysis on the elements useful to evaluate the prominence of a city by grouping indexes into two classes:

1. *Creative Stocks*: creativity and culture-based indexes;
2. *Creative Flows*: indexes that focus more widely on world status, global integration, and ICTs (information and communication technology).

City Index Classes			1. Culture, Recreation & Tourism
Creativity and Culture Stocks	Global Cities, Networks and Tech/ ICT Flows	Other Approaches	2. Creative Output & Employment
Florida's Creative Cities Index	The Global Power Cities Index	Oslo Manual	3. Cultural Capital & Participation
The Euro- Creativity Index	The Global Cities Index	Creativity Grid	4. Venues, Resources & Facilities
Czech Creativity Index	Global City Indicators Facility	Landry's Index	5. Liveability & Amenities
Sharpie's Creativity Index	Fundamental and Flow Index		6. Transportation & Accessibility
Creative Communities Index	The Globalization and World Cities Index		7. Globalisation, Networks & Exchange
The Creative Vitality Index	The Shift Index		8. Openness, Tolerance & Diversity
European Creativity Index	World Knowledge Competitive Index		9. Human Capital, Talent & Education
Hong Kong Creativity Index	Information Society Index		10. Social Capital, Engagement & Support
Cultural Life Index			11. Government & Regulations
Composite Index of the Creative Economy			12. Business Activity & Economy
Design, Creativity and Innovation Scoreboard			13. Entrepreneurship
			14. Innovation & R&D
			15. Technology & ICT
			16. Environment & Ecology

Table 3. City Index Classes groups and Global Power Cities Index. Source: Creative City Index (2012)

²¹ Authors: John Hartley AM, FAHA, Jason Potts, Trent MacDonald, Chirs Erkunt, Carl Kufleitner

The first class is based on the evidence that a creative class is attracted by cultural attractors and by societies that value diversity, openness and tolerance. These indexes also measure the vitality of the creative sectors in terms of output, employment, participation and talent. This is a *stocks* approach, even though the point is to attract mobile inflowing stocks of talent and intellectual capital. Indexes in the second class, under the name *Global Power Cities Index*, tend to include comparable creative indicators as a subset, while expanding to cover a wider set of city attractors, including business activity, liveability, the environment, transportation and accessibility, and technology. This wider scope tends to shift the crucial point from culture and creativity towards city infrastructure and basic services, innovation and technology performance, and international exchange and network formation. This is a *flows* approach since it measures a city by the magnitude of *connections that flow between cities*. Thus, it is necessary to measure how a creative city can develop a competitive advantage²² and how can that be considered sustainable? Charles Landry and Richard Florida focused on the strategic prerequisite to develop attractors for mobility, in competition with cities worldwide that composes the creative potential advantage. Despite their studies, the report offers a diverse perspective that tries, through several indexes, to evaluate more precisely how creativity impacts and affects the city and in which ways the city can develop an energetic environment to let creativity comes out.

Sharpie's Creativity

This index is useful for the analysis of creative cities because it evaluates the presence of creative subcultures with local environments, particularly of creative consumption.

The index uses the following quantitative and qualitative criteria:

- Creative output, including numbers of residents employed in the creative industries, numbers of self-employed residents, and awards for creativity;
- Creative funding, measuring financial investment in creativity;
- Sexual, racial and cultural diversity;
- The existence of flourishing subcultures;
- Sustainability, an emerging keystone of modern creativity;
- Cost of living, since the creative industries tend to be low-paid;
- Creative consumption in terms of festivals, fairs, museums and galleries;
- Education and technology.

²² Porter M.

Sharpie’s Creativity Index is more narrowly focused on cultural rather than scientific or innovative creativity.

Florida’s Index

To his view, Florida delineates the role of cities at capturing the talent and the creativity of human being located exclusively in the city district. Despite the focus on talented people, Florida claims the importance of creative class that generates economic growth based on new ideas, new innovative businesses and regional development.

The 3T talent, technology and tolerance – have been used as indicators to evaluate several dimensions of creative cities. Creativity in the idea of Florida is wide and go over the traditional idea of creative industries like art or entertainment. He expresses creativity through the three indicators as source of competitive advantage and they have been applied. Furthermore, other scholars as well as institutions have studied indexes useful to evaluate the cause and the consequences of creative cities on the whole economy environment.

Florida’s Creative Cities Index
TALENT
Human capital (e.g. number of university graduates, ranking of local universities, concentration of people with Bachelor’s degrees)
Creative class (e.g. percentage of workforce defined as the ‘creative class’, ‘creative occupations’ ISCO-88)
Researchers (number of people working in R&D-intensive jobs; creative core)
TECHNOLOGY
Innovation (e.g. number of registered patents, patents per capita)
High-tech innovation (e.g. number of registered high-tech patents, high-tech patents per capita)
High-tech industry (e.g. Milken Institute’s Tech Pole Index, number of technology-heavy companies, share of workforce employed in high-tech industry)
TOLERANCE
Foreign-borns (e.g. percentage of foreign-born population, size of foreign student population, number of international schools)
Diversity Index (e.g. fragmentation index based on ethnic background of foreign born population $1 - \sum \text{pop. share}^2$)
Gay Index (e.g. fraction of gay people living in a region divided by the fraction of the total (US) population living in the area, tolerance surveys)
Bohemian Index (e.g. concentration of workforce engaged in artistic or avant-garde - experimental - activities)

Table 4. Florida’s Creative Cities Index. Source: Creative City Index (2012)

Creative Vitality Index

This index measures the health of a creative economy relative to a national benchmark according to arts-related participation and employment.

The creative economy as defined in this index includes both for-profit and non-profit arts-related enterprises. One component measures seven indicators of community participation in the arts (i.e., per capita museum and art gallery revenue from ticket and product sales) while the other measures arts-related employment in more than 30 professional categories (e.g., actors, graphic designers, television producers, art teachers). It is reasoned that the balance of the cause-and-effect relationship between participation levels and jobs lies with participation, and as a result the components are weighted 60% towards participation and 40% towards employment. These citizen participatory indicators are of clear importance to any creative city index, and will therefore inform consideration for our model.

European Creativity Index

The European Creativity Index was created by the creative industries consultancy group KEA European Affairs (2009) as part of a study on the contribution of culture to creativity (European Commission, 2009). Focusing on the cultural dimensions of creativity, this index considers many factors, including:

- I. Education in art schools
- II. Cultural employment
- III. Cultural offering
- IV. Cultural participation
- V. Technology penetration
- VI. Regulatory and financial support to creation

These indicators are grouped in five pillars of creativity, namely:

1. Human capital;
2. Technology;
3. The institutional environment;
4. The social environment;
5. Openness and diversity.

As such this index represents a further broadening of the base of creativity indexes. According to the index framework, the five pillars of creativity combine to influence creative outcomes.

Cultural Life Index

The Report on Cultural Life by the Finnish Ministry of Education and Culture is a compilation of indicators of cultural life (Picard, Gronlund & Toivonen 2003).

It is divided into three sub-indexes:

1. Cultural availability;
2. Cultural participation;
3. Cultural production.

These are combined to figure out data for the Cultural Life Index. It is assumed that a rich cultural environment benefits creativity and that social life triggered by cultural activities supports the creative economy. By the way, the index is not actually evaluated, though there is not any measure on this classification but it has remained a suggestion of possible indicators that would go into such an index.

Composite Index of the Creative Economy

The Composite Index of the Creative Economy takes a wider definition of the creative economy, trying to mind the gap between creativity indexes and global city indexes (Bower, Moesen & Sleuwaegen, 2008). This study attempts to target creative capacity through three dimensions – innovation, entrepreneurship and openness – and including main elements of Florida's framework while dividing into measures of business activity (e.g. newly established companies, venture capital) and ICT infrastructure (Internet access).

This index is profoundly useful to determine the weight of each sub-dimension to the total value of the index, interpreted if a region leads a higher capability on that dimension.

The strengths of the previous indexes turn around measurement of creative city attractions, infrastructure, research and human capital, public support for arts and culture, public participation in culture, and openness, tolerance and global connectedness.

At the core of this strategy is the role of what are variously called '*youth culture*', '*consumer co-creation*', '*digital literacy*' and other factors that relate to the role of the creative and engaged citizen (and not just passive consumer) in making and producing (i.e. uploading and not just downloading) creative cultural content.

The significance of this point is that our own research at the CCI has underscored the role of the creative citizen, and especially those from the margins, including the young, in recreating culture and the industries and economies that are built upon it (Hartley 2009; 2012; Potts, 2011).

The remarkable findings related to these indexes is that attempts to evaluate a creative city might bring results difficult to estimate. However, before considering the city as great and global recognised, it must be formerly creative, and a creative city is invariably powered by energy and the vitality of entrepreneurial experimentation of its talent that challenge for new and existing ideas.

To sum up these indexes are useful tools even though to evaluate the level of creativity within an area is not as easy as for industries. Creativity itself is an intangible measure, thus the only measure can be related to the hypothetic variables that determine the diffusion of creative processes that later would be weighted as economic outcome.

2.4 The emergence of the creative *milieu*

The creative *milieu* is considered a shared space into which people can learn, compare, compete and collaborate and through which ideas can be proposed, developed, disseminated and rejected (Leadbeater and Oakley, 1999).

Formerly, the attempt of defining a creative *milieu* was established by a group of European scientists who investigated different types of regions based on a shared conceptual and methodological framework (Aydalot, 1986; Ratti et al., 1997). The purpose of the concept is to promote conditions for companies to innovate, based on a strong influence on local interactions, hence pre-existing human-to-human relationships. Both creativity and innovation are connected through a dual relation as part of several combinations of previously separate regional knowledge assets incarnated by the numerous partaking actors and their social and professional interactions. Within the informal and positive nature of those relationships, there is a fertile territory for learning, sharing and collecting innovativeness based on mutual trust, common developmental objectives, and shared values (Camagni, 1991; Fromhold-Eisebith, 1995, 2001, 2004).

Formerly, what characterises an economic *milieu* are the direct relationships in delimited spaces. The relationships are intertwined in such a way as to form networks of relations with close-media, like workplaces or meeting places and their atmospheres, in continuous metamorphic changes. Relations between people with different intentions, ethical attitudes, inclusions and exclusions, and hierarchies turned the same metric space into several different places. Cities' *milieu* has been model of cultural modernity, sites for the incubation of new ideas, bringing together people from diverse cultures and backgrounds, generating new opportunities for entrepreneurial activity, and separating individuals – for better or worse – from the ties and boundaries associated with cultural tradition.

As the city points out the attention to “*the incredible diversity of experiences and stimuli to which modern urban life exposed us*” (Harvey, 1989: 26), it is considered a vital centre more generally for the arts, literature, culture and entertainment more generally (Hall, 1998).

A core concept that plays an important role in understanding how valuable is the economy of the city relies on the relationships' strength or how creativity would be an important driver in the milieu to spread novelty.

Thus, we need to distinguish between two economic drivers of agglomeration or clustering: those associated with localisation and industrial districts, and those associated with urbanisation and large-scale cities. Localisation refers to the clustering of firms in the same or

related industries in a city or region. Despite specialisation plays a crucial role for providing economic benefits, diversity generates the positive externalities of urbanisation. Particularly, benefits involve the possibility of innovation and new forms of collaboration arising from co-location with unrelated industries; the diversity of labour, skills, knowledge and ideas that can act as stimuli to entrepreneurship; the concentration of large-scale infrastructure in cities (particularly related to transport, communication and education); the incentives for professional services industries to cluster around urban centres; and the attractiveness of cities as sites for migration (Amin, 2003; Lorenzen and Frederiksen, 2008). The other side of the coin is characterised by common problems such as the increasing of land rents, environmental degradation, congestion, housing shortages, crime and overpopulation – the benefits from economies of scale can tip over into diseconomies of scale, providing different incentives to live or locate businesses outside major urban centres.

Businesses also identified the benefits of lower land rents outside the central business districts, and there was growing attention being paid to the crisis of inner cities, which were increasingly seen as areas associated with unemployment, poverty, crime and dereliction.

Albeit, the role of the cities as creative milieu rises because of the lower dissimulation of economic production processes, the rise of new export-based production centers in the developing world such as the improvement of the East Nations that brought to a shift of manufacturing from high-wage industrialised economies to lower-wage economies generated a dematerialization of the whole economy.

With these changes, the role of the city suffered a decline to the aggregation economies associated were cities not considered as centers for innovation and production of new goods. According to Harris, he defined this process as a *de-territorialisation of the world economy* (Harris, 1984), even though later in the 2000s the economist Waters (2001) underlines the phenomenon as *“a social process in which the constraints of geography on economic, political, social and cultural processes recede”, and that such a global shift was accelerated by the turn from a manufacturing to a cultural or more symbolically based economy, since “symbols can be proliferated rapidly and in any location”* (Waters, 2001).

Amin (2003) analyses the distinctive sources of competitive advantage that location in cities can bring to businesses in a global economic environment:

“The advantages for professional services industries, such as business, financial and legal services, of being in locations that provide easy access to their principal clients and markets; Lifestyle attractors to professional and managerial workforces from location in urban centres, including access to a diverse range of cultural and entertainment options; proximity to government

decision-makers and public sector institutions such as universities and research centers; opportunities for knowledge sharing, innovation and new entrepreneurial ventures that can arise from proximity to a diverse range of people, skills and industries.” (Amin,2003)

The rise of the concept of creative milieu is related to the phenomenon of globalization.

According with Storper, the impact of globalization on creative cities can be describe as a consequence of the dualistic nature of contemporary capitalist industry (Storper, 1997; Scott et al., 2001; Scott, 2008a, 2008b). The former characterized by a process of production knowledge - based on highly routinized activities related to standardised commodities.

The standardized process is made of an international division of labour where the production is basically realized in low-wage places, where global networked production outsources. Globalisation has brought to improvement in transport and communication providing networks to be extended over large distances in a so called *de-territorialised* economic development.

The latter composed by large areas of the contemporary global economy that “*involve activities where enormous uncertainty prevails, and where there are strong limits on producers’ abilities to routinize or simplify their operations, especially regarding their mutual interactions*” (Scott, 2001). These sectors produce de-standardized products and services, skilled and creative-based. In the whole economic geography, this kind of sectors usually necessitate territorialised economic development, described by way of “*economic activity that is dependent on territorially specific resources*” (Storper, 1997), deeply rooted in activities which come from a specific environment – in the creative milieu. As cities are basically centers that prompt *vis-à-vis* contact and therefore trust, they are more likely to be both sites of *buzz* (Storper and Venables, 2004). The relation between milieu and territory is emerging: a territory is built out of blocks of milieus: “*A territory borrows from all the milieu; it bites into them, seizes them bodily (although it remains vulnerable to intrusions). It is built from aspects or portions of milieus*” (Deleuze & Guattari, 1988, p. 314) Through territorialisation, milieus are being connected in relation to each other as new and consistent centre of the economic development.

As defined by Roodhouse a cultural *milieu* is “*a geographical area of a large town or city which acts as a focus for cultural and artistic activities through the presence of a group of buildings devoted to housing a range of such activities, and purpose designed or adapted spaces to create a sense of identity, providing an environment to facilitate and encourage the provision of cultural and artistic services and activities*” (Roodhouse, 2006).

Mommas generates a map which enhance the power of agglomeration within cities and identifies five reasons to enable city policies actions to promote creativity in cultural milieu and creative cluster:

- I. To support the city identity to attract investors and professionals, based on the same geographical area. According to Porter's theory, this is how to reinforce the market attractiveness of a place;
- II. To encourage a different approach to the sustainability of cultural organizations and a more entrepreneurial approach to art and culture;
- III. To sustain cultural democracy and diversity with the objective of stimulating integration;
- IV. To prompt strategies aimed at sustaining the creation innovative companies and start-ups in the creative industries.
- V. To rejuvenate old buildings or industrial disused areas as creative work spaces and cultural centres.

Despite the analysis of Mommas underlines all the positive benefits coming from the idea of the cultural milieu, there are still many uncertainties around the consideration of the phenomenon, its definition and identification. Going further, the acknowledgement of the phenomenon is yet far to be considered as a major development of the city in terms of wealth.

The governments should let urban city planners to recognize the potentiality of the milieu and put them into practice effective actions that aim at concentrating the efforts in the cultural dimension as one of the major driver of the economic growth.

Cultural creative milieu protected by adequate city policies can gain more central role to culture in urban development strategies and give recognition to consumption activities, lifestyle and entertainment when it comes to urban planning and destination of new areas.

To sum up there is a table which expresses all the definition we tried to classify around the concept of creative city.

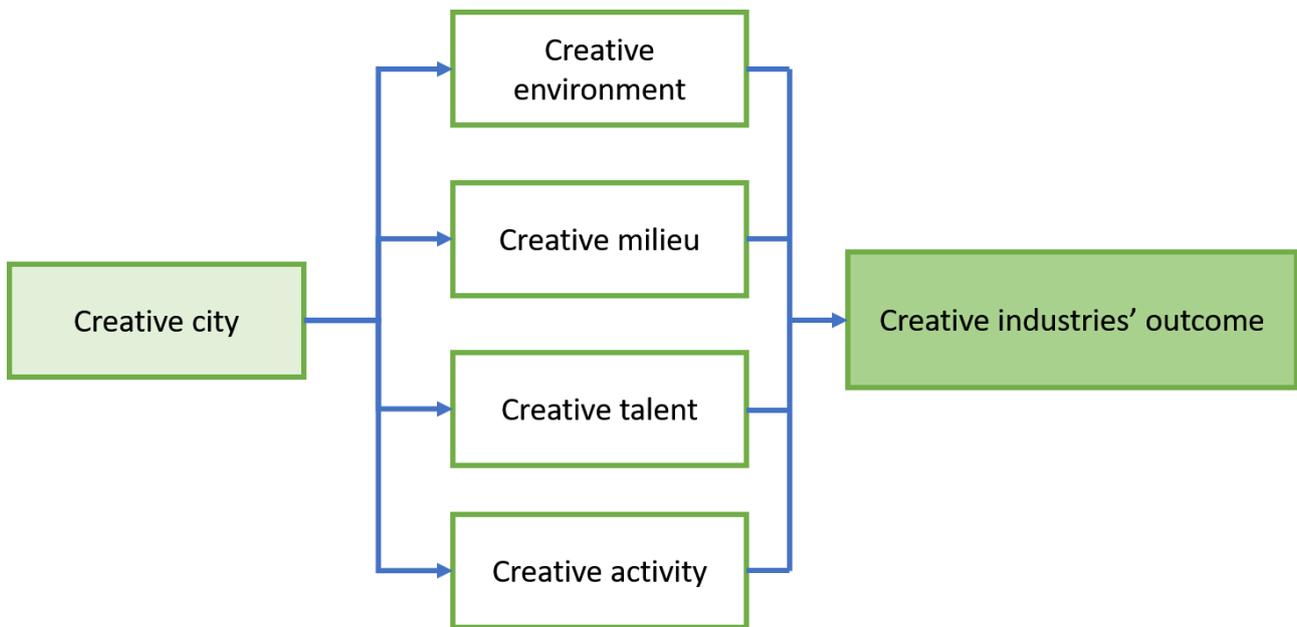


Figure 9. Elements of creative city that leads to creative entrepreneurship

The whole analysis on creativity wants to investigate how the creative phenomenon is becoming predominant in the new *experience* economy.

An overview analysis has shown how the emergency of the new approach to creativity has been developed, firstly at national level with the framework useful to circumscribe the phenomenon, then by focusing on how the creativity can be triggered.

The analysis above the social context is relevant because the environment is the first vital element where creativity can take place. At this point, our analysis goes through a specific direction, specifically we move to a general comprehension of the concept of *milieu* to the investigation of how the creative milieu has been an important element for the developing of entrepreneurial activities.

Particularly, we move on a specific Milieu, the district of Stockholm as it has been considered a good case study to realize which are the direct relationships between the creativity deriving from a specific place and the consequential entrepreneurial development. Before narrowing the research above the city of Stockholm, there will be an analysis that goes to investigate the importance of the creativity within the Sweden. We will analyse the whole creative ecosystem to later recall the theory of creative class of Florida as the main theme that will lead the entire discussion.

3. The creativity's impulse on the Swedish ecosystem

In our prior analysis we discuss the definition of cultural industries that lacks a proper circumscription, but they are commonly defined through several commodified activities, from film, new media, art, design, music, media, advertising and architecture.

Along the years, the impact of creative and cultural industries has been geographically circumscribed and countless attempts have been made to measure the impact of cultural industries on a regional level. With the movement from the margin to the centre of cultural and creative economic activities, regional economies follow the same path. In fact, in the analysis of the economic value of a country, the regional districts and moreover, cities, have a specific weight on the overall economy.

The analysis that follows will investigate the Swedish country's creative ecosystem by confining the impact of Florida's theory on local economic development.

The cultural economy and the creative class theorised by Florida have a direct and indirect impact on regional development. Nevertheless, creative and cultural activities have strong significant correlations with regional wages and income due to the estimate potential that derives from the positive people climate. The positive relationship between the tolerance and talent elements might be considered a reflection of the positive correlation between the availability of cultural goods and services in a country and more specifically a region, and the number and size of the creative class of skilled, talented and educated individuals.

The step forward that in the early 2000's defined the post-modernist economy has arisen the emergence of consider the volume, the value, and the range of output generated by cultural industries. Of those, the effects are important to national and regional economies growth in terms of impacts on trade, employment levels, industrial ownership, investments and consumption patterns.

In Sweden, these industries add value to employment, regional growth and enable European competitiveness while contemporarily aims at reaching social goals.

The analysis and the comparison among Swedish and European regions shows a substantial difference; Swedish regional's dynamics have the capacity to develop the right sources for competitive advantage.

Relationships among the cultural and creative actions and the economic and entrepreneurial efforts has led to figure cultural industries as a cohesive industrial sector, cluster or *milieu* following the industrial transformation by the meaning of a system composed of interrelated actors existing, interacting, and developing novelty within a specific socio-cultural environment.

In the years, Sweden, as well as the other highly evolved countries, has being put under pressure by the relevant competitiveness of Eastern Europe, Asia, Middle East or Africa in the production of commodities that are now manufactured worldwide in areas where costs are less expensive. Thus, Florida would like to point out is the repositioning of the relevance of urban districts as aggregator of industries, considering those spaces crucial for the development of innovation. It is evident that production costs are significant but it is reasonable to establish location preferences for knowledge-intensive firms caring specifically for environments where talented people involved can contribute to breakthrough innovations. The theory on the switching of industrial dynamics and regional differences has arisen so that market, culture, geographical nearness, relational proximity and institutional transformations are important factors for knowledge-based production. The closeness of relationship within a creative hub brings to decreasing costs in transportation while carrying on technological breakthroughs within information and communication technologies; these factors represent high-priority part for the making of new knowledge and progresses.

That is what happens is Sweden where a less dense population is concentrated in areas facilitating the information sharing and the circulation of ideas and innovation. People need to keep in contact with the cultural roots, exploiting the outcome of multicultural *milieu* that build up the basis for the competitiveness of cultural and creative products.

Thus, what we can debate is that the creative power of a country relies on how much powerful are its major districts; lately, the birth of innovative clusters in the region of Stockholm, the presence of top ranked universities in Uppsala, the high technology-based society with fast connections and broadcasts together with a liveable cultural environment determine the capability of the whole country that will be analysed at regional level.

What has made the country to become an ideal centre for the innovative companies?

The answer derives from a long planning at government level that is clearly paying off today. Examples such global multinational H&M, Ikea and Volvo, have only rooted the foundations of what would have been in the Nineties significant innovative investments.

The highest speed internet network, high incentives in technology for companies and latest-generation technology have made Sweden as one of the first country in the world for innovation. The government has invested massively in the educational field, giving priority to the excellence, talent and motivation, in fact is common that students follow their own entrepreneurial project. More importantly, Sweden has built a start-up community. The two major Swedish cities, Stockholm and Goteborg have formed close-knit community of start-uppers who have had great merit in fostering the growth of their enterprises.

With several accelerators, incubators and network of companies, Sweden expand its economic environment to the world, being modern, forward-thinking and business-friendly.

Skilled professionals, business procedures, linear and receptivity to international partnerships make it a country in which the economic activities are facilitated, thanks to a high transparency of the procedures and ease of access to information. In fact, to run a business in Sweden is faster rather than other European countries. The entrepreneurship mentality and the global approach are essential elements of the competitive advantage of Swedish company-based.

However, we should outline the role of the society in the innovative development. In fact, part of the success may not only be attributable to the policies made by the government. There are traditions and settings in the mind that have been inherited from the Swedish culture. The easy-to-share community, the networking, the clusterisation of companies rely deeply on the cultural roots that back in time has origins in the Thirties. To give priority to the collective than to the individual, promoting humility, above the hierarchy was the rules of the law of Jante. Taking this into account, the law could still apply to a society founded on the principles of fairness, stability, and uniformity.

3.1 The Creative Class approach in Sweden

The geography of the creative class and its impact on regional development has been debated for years. The theory of Florida considers the relevance of improving people climate by creating and prompting diversity, openness, and tolerance, while enhancing conventional factors of urban attractiveness, such as a rich cultural scene, stimulating architecture, and well-developed recreational facilities.

Florida's points of view started from the USA context but have reached a broad interest around the Western hemisphere where his ideas and policy recommendations have become widespread (Florida and Tinagli, 2004).

The main concept of Florida is the city's strategy to develop a competitive advantage with the purposes of attracting more and more creative talented people that will trigger the entrepreneurial innovation.

Sweden and especially its major *milieu*, Stockholm, could be considered in a dual way.

The consideration that Nordic countries have less population in comparison with other European nations may be seen as an element of less mobility; conversely the openness-to-the-world of those countries made Florida's thesis of extreme interest to policymakers.

Even if Florida's theories have been applied to United States' case, they can result valid when implemented in different economic, social, political, and cultural contexts. (Asheim 2006, 2009). Cultural districts gained an increasing role at triggering the entrepreneurial push based on creativity and innovation. Indeed, creative cities are now considered as homes for the new digital base companies.

This analysis moves on from the general wide concept of creative cultural industries and creative class in Europe to how these phenomena emerge in the context of contemporary Sweden.

The roots of the approach to creative class are driven by the 3T's, technology, talent, and tolerance considered as the three central keystones; those parameters are intertwined but each, individually, brings to a positive though limited effect on growth; indeed, all together have a relevant coactive effect.

"Each is a necessary but by itself insufficient condition: To attract creative people, generate innovation and stimulate economic growth, a place must have all three" claims Florida who acknowledged the several different reasons of regional growth that are rooted within the realms of regional economics and economic geography.

According to Florida, the people *climate* covers an important role as a counterpart to the business climate in nurturing and sustaining regional economic growth, and in some sectors of the knowledge economy, a people climate peaks as the most relevant factor.

To analyse the regional development, it can be drawn a schema which links the most important elements that prompt the regional growth according with the study of Florida.

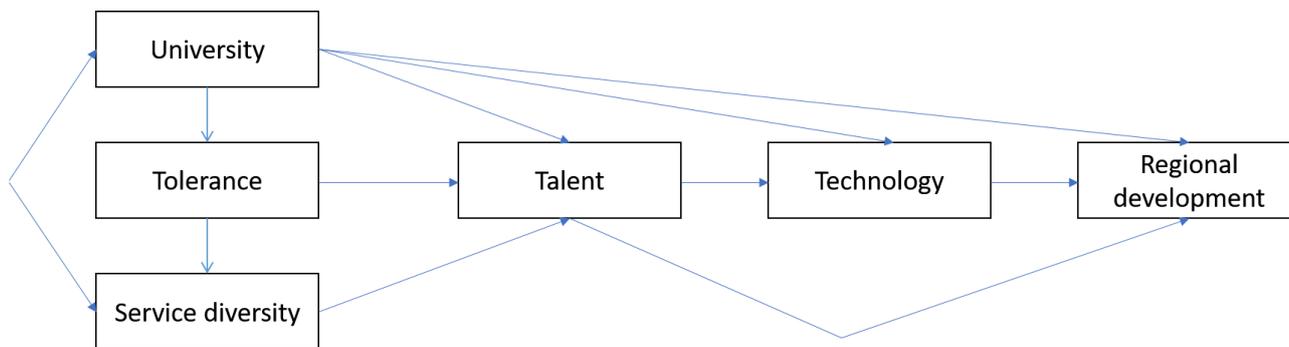


Figure 10. Elements of regional development. Personal adaptation

We consider those elements as variables, dependent or independent that might accelerate or slow down the regional expansion.

Basically, the independent variables composed by the 3T's of Florida and education, cultural factors and services are evaluated distinctly to examine what is the weight of each element above the increase of the regional progression. To evaluate the talent variable, the study of Markusen (2004, 2006) uses two alternative measures based on human capital.

The first is the conventional extent based on educational accomplishment, measured as the percentage of a population with a bachelor's degree and above. The second is an occupationally-based measure of the creative class.

The association of talent and human capital is being evaluated in relationship with the education field; indeed, according to Nordic Innovation Centre's ²³ a huge impact is definitely showing in the educational sectors, where Sweden actually is flourishing.

A research made by the University of Brighton highlights that universities contribute to entrepreneurial capacity through '*spinoff*'²⁴ firms that commercialise academic research

²³ Nordic Innovation Centre & Kultur & Kommunikation' conference (2007)

²⁴ Corporate divestiture accomplished through (1) separation of a division or subsidiary from its parent firm to create a new corporate entity by issuing new shares. These shares are distributed to the current stockholders (shareholders) in proportion to their current shareholdings, and may also be sold to the public, or (2) a leveraged buyout by the management of the division or subsidiary.

outputs and technologies. As the creative economy becomes more technology intensive, there should be wider chances for university spinoffs of providing innovative instruments and services for cultural and creative markets.

Recent analysis from Universities UK (2010) and *The Fuse* (2010) have shown that universities can support, through a wide range of activities, the creative economy, and that their impact on them are likely to go forward. Contemporarily, universities have the role of producing new knowledge that supports innovation in the creative economy, as different creative sectors more dependent on digital technologies for their production and distribution activities.

The research of STEM²⁵ shows how fundamental is the role of universities for creative sectors operating in the technological world (e.g. software, video games, visual effects and digital sectors), in social sciences (e.g. in the area of management and innovation studies), and in the arts and humanities fields where talents can help in the creative process of running a business. Researchers and students as a nucleus of intellectual and socio-demographic diversity can cultivate creativity above which the creative economies prosper.

It is also important the intermediation role of university for promoting cultural events, exhibition and performance spaces, as well as conferences and festivals to enhance creative communities. The technology variable, instead, is based on a location quotient that takes into account the technology industry national share and regarding the Swedish country, its relation to the technology industry regional share²⁶.

Finally, the impact of tolerance component on the regional development is split up in two subdivisions: if immigration has been considered as the core element for considering the diversification, in the case of Sweden, due to the low level of population²⁷, it is also important to consider the *bohemian index*. However, in this case, it deserves a mention the report '*Global Trends*' made by UNHCR²⁸ (2017) where Sweden received 230.164 refugees that means 23,4 refugees on every thousands of citizens, the highest average among the European Nations.

<http://www.businessdictionary.com/definition/spinoff.html>

²⁵ Science, technology, engineering and mathematics (STEM, previously SMET) is a term that refers to the academic disciplines of science, technology, engineering and mathematics.[1] The term is typically used when addressing education policy and curriculum choices in schools to improve competitiveness in science and technology development. It has implications for workforce development, national security concerns and immigration policy.

Source: Wikipedia

²⁶ Statistics Sweden Industry Data (2003)

²⁷ i.e In comparison with United States where Florida made the research

²⁸ United Nations High Commissioner for Refugees

The study conducted by Jönköping International Business School provides a general view of the geographical distribution of the variables within the Swedish borders. Overall, the region of Stockholm has the highest percentage over the other regions in Sweden.

This is basically related to the density of population and the importance of the capital city which leads all the most innovative creative-based processes in Sweden.

The investigation indicates that cultural and creative professions, usually not considered in association with regional development, play a significant direct role in the district growth.

The examined three factors, universities, services and tolerance affect the creative class and aims at playing a crucial role especially through universities. This analysis has confirmed the thesis proposed by Berry and Glaeser (2005) and Florida (2006) where university plays a significant direct role in technology and regional development.

Despite the findings are not empirical for the relation between human capital and the regional growth, it is relevant to underline the positive correlation among human capital and technology and technology and regional development in Sweden.

All in all, it can be remarkable saying that technology-based talents impact positively on regional development.

3.1.1 The cultural climate in Sweden: a cluster approach

In the analysis of the cultural and creative industries in Sweden, we have found out how important is the role of the city at being network for the development of companies that belong to the same industry.

Scott²⁹ (2001) arguments out the possible reasons why cultural production and consumption could affect the economic environment, attracting several actors from abroad.

“A district can through concert halls, theatres, galleries as well as cafés, bars, clubs, shopping malls experience increased property values, increased employment and an overall more attractive environment for investments” (Scott, 2001).

To develop a ‘*cultural industry cluster building*’ (Hallencrutz and Power, 2002) districts should empower places to become areas of interaction for a faster exchange of ideas.

Furthermore, according to Scott (2004) the growing phenomenon of industry-specific knowledge, labour and new ICT progresses has an important role at tightening people involved in determined industry’s boundaries.

The specialization of a region within a certain industry – *the clusterisation*- ends up in the development of an organisation more accessible for that industry, culture and creative-based that would bring to high level accessibility and spread of the new technology (Hallencrutz et al., 2004).

Another academic, Asheim in the 90’s already perceived the more vital factors in *“endorsing and restraining the formation of sufficient learning capacity to enable a transition from industrial districts to be learning regions”* (Asheim, 1996).

In our analysis, we can consider an example of path dependency that seems to have had an impact on the music cluster’s development in Sweden; the pop phenomenon of the ‘*ABBA-effect*’ affected the Swedish music cluster, that will be discussed later.

The Swedish group became so much popular to be known worldwide, across boundaries generate such an impulse to the music industry in Sweden to reconsider the field and let it become one of the most profitable sectors of the country. This *phenomenon* leads Sweden on the top of the world concerning the music field so that the government decided to invest in

²⁹ Capitalism, Cities, and the Production of Symbolic Forms (2001)

infrastructures to welcome investors from all over the world attracted by the Swedish music explosion. Johansson (2010) saw this as a reason to question this argument, suggesting that investing and developing a nation's cultural infrastructure is a more likely reason for clusters to evolve claiming that the government not only has responsibilities in financing cultural programs, they should "*play the role as cluster drivers*" as well. The development of clusters like the music industry in Sweden makes it more attractive because of the offer of a larger potential labour market for creativity, innovation and technological progresses (Lam 2007). Recalling Florida, even though business climate seems the most important, the people climate should be considered as the ultimate decisive driver. In fact, people climate can be improved in a cultural and creative city where all the components (the 3T's) take place.

Nowadays, the industry dynamics model emphasises that while the macro environment in a country is globally the same, district of clusters differs in terms of development, complexity and international competitiveness.

Cluster policy is most applicable for Sweden where it can address specific competitiveness challenges; the Swedish economy is dominated by a few moderately sized regions, indeed, with density levels a little below the European average. Geographic factors and the density of economic activities provide an important context for the development of clusters where Sweden peaks with its poor population of 9 million of inhabitants.

Moreover, Sweden is dominated by four modest sized districts that account for close to 75% of the countries labour force. The phenomenon of clusters is evident into the Swedish country because of the high industries concentration in the major districts.

To mention the most relevant, the Stockholm's clusters belong to a region with a higher cost level and where productivity benefits of its overall fame that has generated a positive impact on incomes across all clusters.

To understand the key features that determine the expansion of cluster in Sweden, we can highlight the innovative capacity as one of the most valuable asset. Indeed, cluster environments are particularly important for creating further incentives for R&D and turning these investments into marketable goods and services as well as the possibility of creating amenable atmospheres for networking and accelerate foreign research hubs by attracting cutting-edge foreign skills. Cluster-based approaches have shown their value in aligning the workforce skills provided by the educational system with the needs of companies in many locations. Relationships between the educational system and companies' program could be launched to provide innovative solutions.

Being more precise, one of the cluster where Sweden triumphs is the information and communication technologies (the ICT sector) that lately has experienced an extraordinary growth. Progressively, we are going to examine deeper the technological sector in relationship with the creative industries, especially regarding the music industry.

To conclude, we can quote the research of Gordon and McCann (2000) that describe three forms of industrial clustering by separating the pure agglomeration model, referring to job-match opportunities and service economies of scale and scope, the industrial complex model, referring to explicit links of sales and purchases between firms and the network or club model, also referred to as the social network model.

We can argue that the existence of a cluster in a region is a receipt that brings to economic success but obviously it needs to be developed on the right conditions.

The case of the city of Stockholm if compared with the other Northern European cities shows differences. For instance, Copenhagen would have problems attracting and retaining foreign talents, while Stockholm would not. The understandable clarification has been seen in a more tolerant, open, and multicultural environment in Stockholm, since Sweden still has the most liberal immigration laws in Europe, which makes adaptation and immigration faster and easier, while Denmark has introduced the most restrictive laws in Europe in the past ten years.

3.2 Geo-economic analysis of Sweden's CCI: a district approach

Sweden's territory is made up of 70 labour market regions defined by travel-to-work patterns. Of these regions, Stockholm the capital region, is the only region that has a million of inhabitants. Only three regions (Stockholm, Goteborg, and Malmö) have more than 500,000 inhabitants, and only six regions have more than 200,000 inhabitants.

The creative class are more concentrated into the Stockholm district where there is a higher range of companies and a liveable cultural context.

When we consider the creative class of Florida in other contexts we need to make some previous observations. Formerly, the research of Florida has been conducted in the United States so that has been compared with other nations all over the world. In considering the case of Sweden, we should maintain a critic vision of the research of Florida because the theory is not easy to be applied to every country. However, the innovative dynamics of Sweden, the multifaceted culture and the highly emancipated society brings us to make a positive analysis based on the creative class.

We started analysing European reports that shows the creative and cultural industries in the Swedish districts, with a focus on the capital city of Stockholm, considered the most important creative dimension. Later, Indeed, we will investigate the role of the major districts in Sweden, followed by a parallel comparison based on the creative class of Florida.

The Priority Sector Report: Creative and Cultural Industries (2014) shows that the region of Stockholm is listed at the 17th position among the 25 Europe's top regions for creative and cultural industries employment clusters with almost 70000 workers with a CCI LQ³⁰ of 2.87, the highest in the European Union.

³⁰ : LQ is an indicator of CCI employment relative to the total employment of the region, where $LQ > 1$ indicates an overrepresentation of CCI employment

Region name	CCI Rank	CCI Employment	CCI LQ
Île de France (Paris), FR	1	279361	1.72
Inner London, UK	2	239983	2.77
Lombardia (Milan), IT	3	175580	1.31
Madrid, ES	4	164269	1.65
Cataluña (Barcelona), ES	5	139278	1.26
Lazio (Rome), IT	6	113531	1.97
Danmark	7	98866	1.17
Oberbayern (München), DE	8	94178	1.57
Attiki (Athens) GR	9	88195	1.47
Outer London, UK	10	86884	1.43
Közép-Magyarország (Budapest), HU	11	79281	1.76
Zuid-Holland, NL	12	78183	1.44
Berks, Bucks and Oxon (Oxford), UK	13	76097	1.90
Noord-Holland (Amsterdam), UK	14	74685	1.80
Andalucía (Sevilla), ES	15	70914	0.68
Köln, DE	16	68825	1.27
Stockholm, SE	17	68212	2.87
Lisboa, PT	18	67929	1.35
Berlin, DE	19	66051	1.70
Veneto, IT	20	61285	0.94
Niedersachsen, DE	21	59486	0.68
Darmstadt (Hanover), DE	22	58965	1.15
Piemonte, IT	23	58068	1.09
Emilia-Romagna, IT	24	58029	0.95
Surrey, E and W Sussex, UK	25	57837	1.40

Table 5. Europe's Top 25 regions for creative and cultural industries employment clusters.

Source: The European Cluster Observatory

Though there seems to be a relationship between CCI and large urban areas, this is not always true. Indeed, many of Europe's most densely inhabited regions are home to highly ranked CCI clusters while some of the largest regions are mastering in CCI employment. Among the regions of Europe which rank among the top 25 either by population or CCI employment the following cities presents an over-representation of the creative and cultural sector: Amsterdam, Berlin, Frankfurt, Stockholm, Brighton, Budapest, The Hague, Lisbon, Inner London, Oxford.

Of the 15 regions with the highest CCI Focus³¹ most are capital city regions. However, the presence of the city of Stockholm is widely relevant with the highest result in terms of index of employees that are active part of creative and cultural industries.

³¹ Focus indicates how large share of the region's total employment the CCI sector constitutes.

Region name	CCI Focus	CCI Employment	CCI European Rank
Stockholm, SE	10.43	68212	17
Inner London, UK	10.09	239983	2
Praha, CZ	8.57	52465	34
Lazio (Rome), IT	7.16	113531	6
Oslo og Akershus, NO	7.10	43104	43
Etelä-Suomi/Åland (Helsinki), FI	6.98	57029	27
Zürich, CH	6.96	46480	41
Berks, Bucks and Oxon (Oxford), UK	6.91	76097	13
Hamburg, DE	6.73	51891	35
Wien, AT	6.72	47333	38
Utrecht, NL	6.65	34125	53
Bratislavský kraj (Bratislava), SK	6.59	19988	90
Noord-Holland (Amsterdam), NL	6.53	74685	14
Közép-Magyarország (Budapest), HU	6.40	79281	11
Île de France (Paris), FR	6.27	279361	1

Table 6. Top 15 regions by CCI Focus. Source: The European Cluster Observatory

The results in the table can be read as a major effort of the Stockholm district in developing and improving job positions directly related to the creative and cultural field.

At the same time, the result is in relationship with the density of population of the district that is relatively lower in comparison with biggest capital cities as London or Paris.

To this extent, the Florida's analysis of people climate within delimited clusters seems to be confirmed because, despite of the less population, the district of Stockholm pushes on the improvement of the whole CCI making investments on people to let them express their talent.

Another important index investigated by *The European Cluster Observatory*³² is the one related to innovative spillovers that link creative and cultural industries to other areas of the economy. A correlated relationship between CCI employment and traditional innovation indicators is not definitely provable. The observation is doubtful because CCI are substantial originators of intellectual property but that this tends to be copyrighted rather than patented.

However, related to the innovative processes and productions, Nordic regions dominate the 10 highest Regional Innovation Scoreboard value (RIS)³³.

³² Europe INNOVA is an initiative of the European Commission's Directorate General Enterprise and Industry which aspires to become the laboratory for the development and testing of new tools and instruments in support of innovation with the view to help innovative enterprises innovate faster and better. It brings together public and private innovation support providers such as innovation agencies, technology transfer offices, business incubators, financing intermediaries, cluster organisations and others. Additional information on Europe INNOVA is available at www.europe-innova.eu.

³³ The Regional Innovation Scoreboard (RIS) is a regional extension of the European Innovation Scoreboard, assessing the innovation performance of European regions on a limited number of indicators. The RIS 2017 covers 220 regions across 22 EU

Those districts with the highest RIS rankings were equally split between regions with positive and negative creative and cultural industries employment growth.

	RIS	CCI LQ	CCI Annual Growth
Stockholm, SE	0.90	2.87	2.2%
Västsvrige (Gothenburg), SE	0.83	1.32	-1.4%
Oberbayern (München), DE	0.79	1.57	0.8%
Etelä-Suomi/Åland (Helsinki), FI	0.78	1.92	2.7%
Karlsruhe, DE	0.77	1.35	-0.4%
Stuttgart, DE	0.77	1.05	-1.4%
Sydsverige (Malmö), SE	0.76	1.63	0.2%
Île de France (Paris), FR	0.75	1.72	-1.3%
Östra Mellansverige (Uppsala), SE	0.74	1.16	-3.0%
Berlin, DE	0.74	1.70	1.9%

Table 7. Top 10 regions on the Regional Innovation Scoreboard (RIS) and average annual growth in creative and cultural industries. Source: The European Cluster Observatory

The measurement of innovation levels and conditions in creative and cultural industries includes the types of knowledge, goods, services and business models produced by the creative and cultural industries even though the indexes can't be so accurate because of the involvement of other activities which to some extent can't be related uniquely to CCI.

Another criterion that does not give reliability to such measurement is that regional innovation focused more on a region's science and high technology emphasis and it is not bright the pertinency of the role of the creative and cultural concerning that kind of 'innovation' system to maintain their own creativity and innovation.

On the other hand, all the regions in the top 10 of the Regional Innovation Scoreboard displays a clear illustration of creative and cultural industries that let to indicate how the CCI contribute to the development of innovative region.

Apart from all the results, the European Cluster Observatory's analysis aimed at sharing to public a more deeper interest with industries that have often been marginalized from economic and industrial analysis and policy. In particular both terms the data analysed have been studied on a deeper focus on industries concerning advertising, architecture, broadcast media, design, fashion design, graphic design, interior design, product design, gaming software, new media, film, the literary, visual and performance arts, libraries, museums, heritage, music,

countries, Norway, Serbia, and Switzerland. In addition, Cyprus, Estonia, Latvia, Lithuania, Luxembourg, and Malta are included at country level.

photography, print media, works of art that have widely been treated as issues for cultural policy and debate (DCMS, UNESCO, UNCTAD, Work Foundation, NESTA, WIPO) but nowadays have to be recognized as fundamental industries drivers. The report *Creative economy employment in the EU and the UK: a comparative analysis* (2015)³⁴ shows that there is a copious discrepancy in creative industries' employment segment of the workforce; at any rate, Sweden's creative industries, have the largest employment share, followed by UK, Netherlands, Germany, France and Poland. The analysis presented recapitulates a set of previous studies studied for comparative purposes among European nations. (Clifton and Cooke, 2009; Evans, 2009; King, Mellander, and Stolarick, 2009; O'Connor and Kong, 2009).

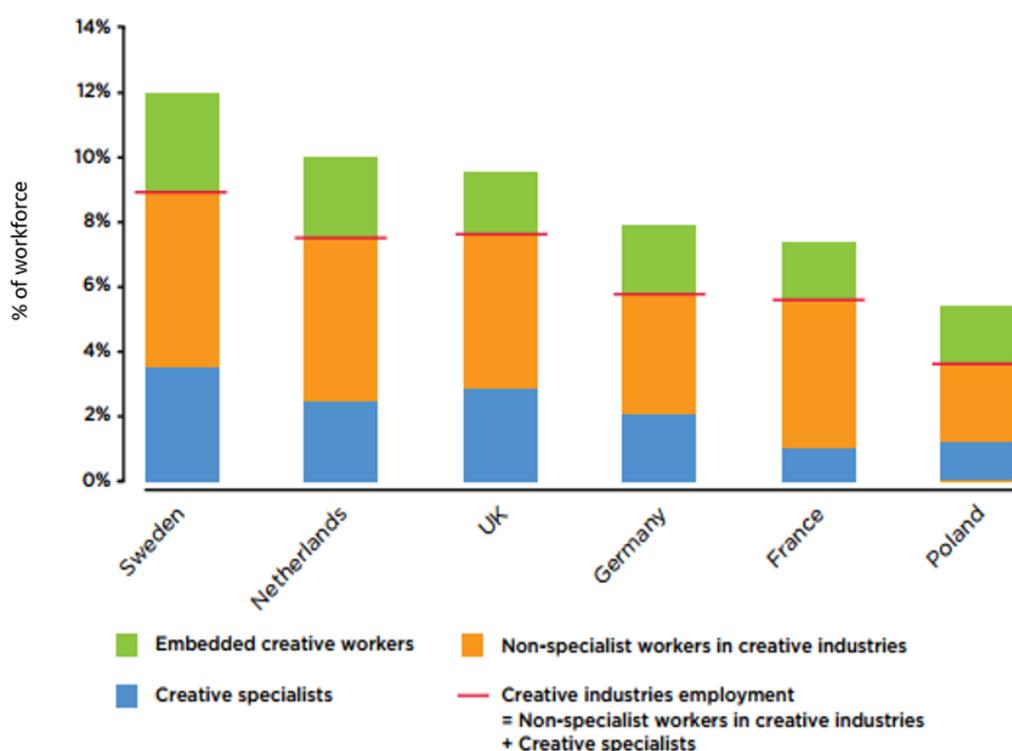


Table 8. Employment in the creative economy. Source: Creative economy employment in the EU and the UK: a comparative analysis (2015)

Across the years, a constant statistic displays that Sweden's creative industries' workforce is basically the same with a positive but structured growth whilst UK, Netherlands, Poland and Germany, increase in the creative industries workforce shares.

³⁴ The was commissioned by Nesta, and is part of an ongoing project to create internationally comparable statistics on the size, growth and geography of the creative economy.

As we noted above, the less population in Sweden allows the country of being considered as the top ranked for employment in CCI. The country has, in absolute terms, a small creative economy workforce – just 557,000 employees (data of 2013) of which the major part occupied the tertiary dominated by creative industries employment, encompasses about 75% of the whole (415,000 workers in 2013). The same report examines the relationship between each country’s economy workforce based on the internal structure of the industries.

Sweden has a workforce of just 4.6 million (2015), and even if is the smallest country within the ones compared, it has a much smaller creative workforce but still its index is relatively heavier than the others. Being more accurate, it means that adjacent to 40% of creative industries workers are creative specialists, carrying on the Swedish creative sectors to peak a higher average creative intensity than their UK and German counterparts. The Swedish economy has been increasingly shifting in the direction of an economic system dominated not solely by technological products, but creative, innovative processes and services, as shown by occupational data. More than three quarter of the Swedish workforce is engaged in creative types of occupation, belonging to what we call creative class; managers, professionals, researchers, artists and other associated professional figures. However, such transformation and results are not consistently spread out in the country.

Sweden exhibits a very high degree of concentration in its creative resources: 30% of all Swedish creative class is located in the Stockholm, and almost 60% of all Swedish creative class is concentrated in three regions: Stockholm, the Malmö region and the Goteborg region. Although several smaller regions display very innovative economic structures, still, in absolute values, about 47% of all high-tech patents applications are concentrated in the Stockholm area. These and other findings suggest that large, dense, and well-connected city-regions have a clear advantage in their ability to attract, leverage high stocks of creative talent, and to nurture the necessary social and economic diversity to sustain their growth.

Sweden, 2011-2013			
	Creative industries	Non-creative industries	All industries
Creative occupations	Specialists: 164,000	Embedded: 142,000	Creatively occupied jobs: 306,000
Non-creative occupations	Non-specialists: 248,000	Non-creative: 4,078,000	Non-creatively occupied jobs: 4,326,000
All occupations	Working in creative industries: 412,000	Working outside the creative industries: 4,220,000	Workforce: 4,632,000
Average intensity	0.398		

Table 9. Creative economy employment in Sweden. Source: Creative economy employment in the EU and the UK: a comparative analysis (2015)

The three regions around Stockholm, Goteborg, and Malmö attract 64% of all the foreign population (while they account for 50% of national population). These regions also have a special advantage in attracting people engaged in artistic and performing activities; Stockholm accounts for 43% of the Swedish total *bohemians*, and if we would add the Västra Götaland and Skåne regions, the three of them compose about 70% of the Swedish total. Smaller and peripheral regions do have some competitive edge based on good technological infrastructure (high tech industry and some research activities). However, in some cases, high tech industry has been mostly focused on manufacturing, while failing to develop more advanced high- tech services, and a more diversified social and economic fabric. Such regions will face important challenges as technology manufacturing is increasingly becoming a less critical and often outsourced activity. The technological industry has created relevant roots where Sweden has been able to build a strong innovative capacity and to bring its productivity levels among the highest in the Western world. However, it will be Sweden's ability to further develop broader and more diversified economic activities based on its tremendous innovative and creative capabilities that will determine the sustainability of its growth in the future.

Talented people are the engine of all these changes, the driving force that continuously moves the frontiers of economic and technological development. The competition for talent has thus become the critical source of competitive advantage. The dynamics of economic growth and development in the last few years have shown us unexpected and remarkable patterns.

It is not so much the availability of raw materials and physical factors, as it is able to stimulate and enhance the creativity of the citizens that counts in today's economy. Nations and regions that shape creative climates are able to get the best out of their people, as magnets for creative and talented people from other parts of the world. These are the ones that could cultivate and develop the three fundamental dimensions of local economic development: talent, technology and tolerance. Past research on US cities and regions has showed how the capacity (or inability) to cultivate these elements bring up those spaces to shine. Research on European countries has also shown interesting and similar results. It is not the traditional economic powers like France or Germany that lead the way in the new economic system dominated by creativity and innovation, but rather a group of smaller, Nordic countries headed by Sweden. As shown by those results, Sweden has a good collective of talented people, highly educated workforce, a great technological development and infrastructure, and an innovative industrial context. Most importantly, it seems to have an open and tolerant social context which supports individual creativity better than the more traditional and hierarchic social structures of old European societies.

3.3 The creative dimension in Sweden: regional dynamics

*“Events through which new ideas, behaviours and procedures are introduced into a society and then spread”
(Nationalencyklopedin)*

The analysis of the sources and of the nature of Swedish competitive advantage at the regional and city level is truly important to evaluate the impact of the country and its long-term vision in the innovation process. The purposes of the research³⁵ aim at understanding how the potential of Swedish competitiveness has been - and is being - positioned and leveraged across the country, where do the main strengths lie and where the hardest challenges will be.

It is only by looking inside Sweden, analysing and comparing its regions and cities that we can try to answer these questions.

Communities cherish creativity; they generate stimulation, new knowledge, ideas. It is only by studying the regional dynamics inside a country that we can better understand the sources of its competitive advantage and its main challenges.

The 3Ts framework has been used to measure the creative potential of Swedish cities and regions. It weighs Swedish cities' technology base, by measuring the presence and structure of high tech industry, and the propensity to innovation of the industrial system.

The measurement is also made on the other two factors: talent and tolerance.

By measuring and analysing the developments of talent, technology and tolerance in the 21 Swedish's regions and the 290 municipalities, the report provides important instruments to identify and appreciate social and economic dynamics within Sweden and to design a framework of the main challenges and perspectives.

A list of indexes is useful to circumscribe the regional dynamics, following the Florida's theory.

³⁵ The research has been conducted in collaboration between Creativity Group Europe and the School of Business, Economics and Law at Göteborg University.

3.3.1 Florida's Creative Indexes

a) The Swedish Talent Index

The Swedish Talent Index measures regions' capacity in terms of highly skilled and creative human resources. The Talent Index is composed by three indicators: the *Creative Class*, that is the share of workforce involved in creative occupations like scientists, professionals, managers, artists and so forth, the *Human Capital Index*, that is the share of population with university degree; and the *Researcher Index*, represented by the number of people in R&D institutions. The main Swedish urban areas demonstrating the highest talent rank, led by Uppsala, whose position peaks by the highest share of researchers on total workforce of all Sweden. On the other hand, Stockholm originates its major assets from the liveable environment that attracts and nurtures high levels of creative and human capital. It is worth mentioning that all the top six regions in the ranking have large universities and research facilities. Areas with smaller and less established academic environments exhibit more difficulties in attracting and nurturing a large pool of talent. The results on the *Creative Class Index* show how the top performing regions tend to be among the largest regions in Sweden, thus suggesting that a region's size and density have a certain role on the availability to generate workforce. As a matter of fact, almost 60% of the entire Swedish creative class is concentrated in three regions: Stockholm, Skåne, and Västra Götaland. However, a precious role is played by the city of Uppsala, smaller but with the most ancient university of Sweden and a multifaceted and rich environment. In fact, Stockholm and Uppsala to some extent could be considered as a unique urban area, due to the system of transportation that makes faster the connection.

b) Human Capital Index

The Human Capital Index is based on the percentage of population in working age (16-74) with university education (studies of at least 3 years). It's almost obvious that the results on this indicator suggest that regions with more international universities and research facilities have an advantage in their ability to build and hold a consistent stock of human capital in the area. In fact, all the regions in the top positions Stockholm and Uppsala have relevant university institutions; an important evidence is that the closeness of Stockholm and Uppsala represent a valuable advantage in nurturing and attracting human capital.

c) The Swedish Technology Index

The *Swedish Technology Index* measures the development of high-tech industrial infrastructure and innovation tendency in Swedish regions. It is composed by three indicators: the *Innovation Index*, represented by the number of patent applications per 10,000 inhabitants, the *High -Tech Innovation Index*, measured by number of high-tech patent applications per 10,000 inhabitants, and the *High-Tech Industry Index*, which captures the relevance of high tech industry on the local economy.

To improve the understanding of local industry structure and dynamics, we divided the High-Tech industry index into three sub-indices: *Hardware and Physical Products*, which includes all high-tech manufacturing activities; *Software and Services*, comprehensive of software development and technical services, and *Telecommunications and Audio-Visual production*.

The Technology Index shows the good performance of relatively small areas along with some of the large city-regions.

The results from this indicator shows that despite the rise of the creative city, traditional and well-established industrial zones still play a role for the technological development of the country although low levels of human capital and creative class move the discourse to the evaluation of social interactions in industrial zone and its uncertain future growth.

Of all the three elements of creative class, it deserves to be notice that the talent is considered as the indicator with the strongest correlation with all the three technology and innovation indicators: high tech industry, patents and high-tech patents.

d) The Innovation Index

The Patent indicator is based on the numbers of applications to the Swedish Patent Office to register new products. The Index is intended to provide a measure of the “innovativeness” propensity of the economic system through an analysis realised by the *Patent Indicator* that counts how many innovations are realised within the singular region.

e) The Swedish Tolerance Index

Tolerance represents the social base on which regional development is rooted. An open and tolerant society allows for greater diversity in a community: diversity of backgrounds, skills, and ideas. Moreover, social openness encourages diversity, the sharing of new ideas thus new knowledge.

Therefore, tolerance is a critical requisite to enhance the creative potential and innovativeness of a region. Human creativity is independent of ethnicity, gender, sexual orientation, life style, and other external attributes. The *Tolerance Index* is composed by four different parameters:

1. Foreign born population
2. Diversity in the countries of origin of foreign born people
3. Bohemian population
4. Social and institutional attitudes towards the lesbian, gay, bisexual and transgender populations.

Four regions stand out from the rest in the overall Tolerance Index: Stockholm, Skåne län, Västra Götalands and Uppsala: the same regions that peaks up in the *Talent Index*.

This result suggests that the tolerance and talent dimensions are closely related. Correlation analysis between these two dimensions provides additional evidence of this relationship, pointing out the critical role of open and tolerant social climate in attracting and developing human capital and the creative class.

However, the openness is not common in all regions. Instead, foreign born population is irregularly disseminated throughout the country with higher concentrations in more cosmopolitan *milieu* Stockholm, Skåne, Västmanland, Västra Götaland, Södermanland and Uppsala. This result designs a pattern where foreign-born people tend to locate especially in areas with high connectivity and proximity, factors that have reached more and more importance over time. In fact, the area that has registered the highest change in foreign population is the area around Malmö, a region that allows easy connections with the two largest cities in Sweden of Goteborg and Stockholm, as well as with Denmark and the rest of Europe. As well, Goteborg region maintains a multicultural dimension due to its closeness to Norway and Denmark.

Another important framework that can be extrapolated by this indicator is that, while in the past the most multicultural area were the industrialised ones, now the migration of people seems to be based on more knowledge-based economy regions as Goteborg and Stockholm.

This analysis might be linked with the analysis of technology index and connect the liveable environment with the development of innovative-creative base economy.

More importantly, the highest agglomeration of creative class is focused in areas that shows high concentration of artists, bohemians and people with different ethnic and cultural background. It is also important to remark the positive and significant correlation between

the technology and innovation indicators and the indicators of bohemian presence as well as of the presence of foreign born and their ethnic diversity even if the strongest outcomes are in the relationship between foreign born/diversity and high-tech copyrights, as a tie between technological innovation and the cultural and ethnic diversity of the region.

f) The Swedish Creativity Index

The Swedish Creativity Index is a composite measure that provides an overview of regional competitiveness within Sweden based on the Swedish Talent, Technology and Tolerance Indexes discussed above³⁶.

Compared to more traditional indicators of regional competitiveness, like gross regional product (GRP) or income, this index represents a substantial improvement because it is the expression of a wider variety of social and economic dimensions critical to economic development. The *Swedish Creativity Index* is not based solely on the economic growth, rather, it measures the competitive potential and the local underlying conditions for the development of a creative economy. The results show that four large urban city-regions are leading the cultural creative era of Sweden. Peculiarly, Stockholm positions itself as the leader in terms of the 3T measurements. Below the importance of these indexes, the most relevant aspect is related to how the creative class affects the economic development.

Despite all the difficulties related to weight the real impact of creative class on regional growth, the indicators may be useful to provide useful considerations.

The relationship in the Sweden Creative Index has been realised by using economic measurements such as gross regional product, per capita product, disposable income.

What emerge is the positive correlation between the *Swedish Creativity Index* and all the considered measures of economic performance. Putting the emphasis on the regions with the highest performances it's bright the link between the more populated with higher gross regional product, while the relationship with unemployment shows that regions that scores high on the creativity index tend to have, on average, lower unemployment rates.

Creative class manifests a solid correlation with total gross regional product, with per capita product and with disposable income. The correlations of creative class and tolerance with

³⁶ The län values measures for each indicator by applying a formula:
$$V_{ij} = \frac{X_{ij} - Min_j}{(Max_j - Min_j)}$$
 where V_{ij} is the standardized value of län i on indicator j , X_{ij} is the actual value reported by län i on indicator j , Min_j is the minimum value registered among all läns for indicator j and Max_j is the maximum value registered for indicator j . The resulting figures are values in the 0-1 range, where 1 corresponds to the best performing region and 0 to the worst performing one. The values for the main indices (Talent, Technology and Tolerance) are obtained through the average of the standardized scores reported by the regions on each indicator.

economic outcomes are higher than those shown by high tech industry indicators or innovation indicators. We can discuss that the impact of creative class and bohemians generates positive results on the whole regional economy both direct and indirect as well as, the other tolerance measures foreign born and diversity.

Altogether, in the case of Sweden, the association of talent, technology and tolerance shows positive results when related to economic dynamics and outcomes. It is important to bear in mind two effects when dealing with the creative class theory.

Firstly, the creative class is assumed to be extremely mobile and to put individual needs first; hence, they will move from region to region if their needs are not fulfilled. In Sweden and in the Nordic countries in general, the degree of mobility is generally lower than other European countries and the social welfare system does not force people to move around in search for jobs because of economic prosperity.



Figure 11. Map of percentage of Creative class in Sweden. Source: Stockholm business region

Below, a table summarises the whole dimensions analysed about the Florida indexes' application about Sweden.

INDEX	DIMENSION	ELEMENTS OF ANALYSIS
Swedish Talent Index	Swedish regions' value of creativity - highly skilled and creative human resources	<ul style="list-style-type: none"> ▪ Creative Class – Creative workers ▪ Human Capital Index – University degree ▪ Researcher Index – R&D workers
Human Capital Index	Percentage of population with high level of education	Top ranked universities
Swedish Technology Index	High-tech industrial and innovative infrastructure	<ul style="list-style-type: none"> ▪ Innovation Index – Number of patents ▪ High Tech Innovation Index – Number of High Tech patents ▪ High Tech Industry Index – Measure of high tech industries in the local economy
Innovation Index	Number of applications to the Swedish Office to register new products	Degree of innovation through a patent indicator
Swedish Tolerance Index	Degree of diversity of the local society that encourage the sharing of creativity	<ul style="list-style-type: none"> ▪ Foreign born population ▪ Diverse races ▪ Bohemians ▪ Positive attitude to gender's diversity
Swedish Creativity Index	Measure of regional competitiveness based on the 3T's of Florida	Socio-economic results evaluated through Gross Regional Product (GRP) as an evidence of the creativity present in a local economy

Table 10. Florida's creative indexes. Personal reproduction

Later, we will concentrate our analysis on the local development of the city of Stockholm that as analysed through the above indexes is the Swedish city where we find out the most creative environment. The attention will be emphasized on the creative class on entrepreneurship by narrowing down the perspective of our analysis over the district.

3.4 The Stockholm's attitude to creativity

"Stockholm deserves its place . . . because it [i]s a small European capital city that... set a distinctively different course"

(Hall, 1998)

After the analysis of the cultural creative industries in Sweden, it can be realised that the district of Stockholm has the biggest importance concerning the development of creativity and innovation.

For years, the capital city is being considered among the most innovative cities in Europe. Due to its geographical nature that allows well-connected relationships and consequently the expansion of network of industries, according with the EDCi³⁷ Stockholm is ranked second in a list of sixty cities in Europe for startups. The Swedish city features quite highly on the list due to the production of numerous of Europe's biggest digital companies' leaders in the cultural creative industries of music such as Spotify and media with King and Mojang.

What are the insights that lead to the achievement of those outcomes?

Stockholm has developed ties related to its capability to recognise that concentration of actors generates a wide spread of knowledge to consequently push on creativity and innovation.

Geographically speaking, the core of the city is linked with the district's suburbs by its peculiar nature that brings to an equal division between the urban zones and water areas and green spots spread over fourteen islands and over fifty bridges which support the migration of creative class.

The creative district of Stockholm is characterised as core centre for knowledge development, and intellectual creativity in Sweden, and it is considered as one of the most important European cities where innovative yet creative activities and occupations are well intertwined in the urban fabric.

³⁷ The European Digital City Index (EDCi) describes how well different European cities support digital entrepreneurship. It was produced by Nesta as part of the European Digital Forum, which exists to support digital entrepreneurship and digital startups across Europe. The European Digital Forum is run in collaboration with the European Commission's Startup Europe initiative.

Stockholm' *milieu* is hardly connected worldwide as a key network for attracting creative processes and innovation activities that led to dominate knowledge and information activities symbolizing the approach to the new economy.

As creative class is a key driving force for economic development of post-industrial cities, Stockholm region started to involve all the actors from artists to entrepreneurs aiming at increase innovative potentials in Stockholm region.

Through preparing a constant creative approach, Stockholm tried to achieve several results to spread more creativity and increase innovation and investment potentials.

Formerly, the transportation system is essential to build on a denser sustainable polycentric region: increasing the population and speed up the economic development assembling the economic activities with residential areas by recreating public spaces changing the perspectives of architectural and urban features.

Attracting talents means regenerate spots for people to live in a dynamic context; foreign companies are fascinated by economic *milieu* concerned in friendly, connected and with a foreseeable future environment.

Moreover, the *Northern Venice* provides several neighbourhoods, the most famous is Södermalm where face-to-face relations and interactions are the base; by enhancing the cohesion and reach a higher quality of life the city wants to be open and tolerant empowering its social image. The cultural and mythical background of such neighbourhoods proliferate the people climate and might be consider as a first cause of creative entrepreneurship.

Contemporarily, to proliferate the quality of life Stockholm adopted different environmental strategies³⁸ related to the different activities in the city (transportation, manufacturing, energy consumption, and carbon emissions), and because of green actions, there has been a huge industry and the huge intensification of bicycles. In accordance with a research made by the Stockholm Universitet, Södermalm is a concrete example of an inner-city area, which has been a case of *gentrification*³⁹ where through an adequate revitalisation has become a former working-class area, which has been hyped up by artists and the like, and hence being created an attractive image, therefore worth to invest in and revitalize. The research tries to circumscribe the cultural background of the district that the respondents perceive *united in diversity*. Apart the fact that the aspect of tolerance of Florida is well delineated in the zone, the

³⁸ Green IT strategy in 2010, environmental programme in 2011

³⁹ The process of renovating and improving a house or district so that it conforms to middle-class taste.

fact that Södermalm is considered as a melting pot of different (sub)cultures and styles allows to the zone to have a big share of urban regenerating policies.

The typical aspect of Södermalm is the image of a tolerant *milieu* as a cultural hotspot recognised of being a different spot '*with a special soul and feeling, and it has been a popular area of residence for cultural profiles, even before the regeneration, when the area was still a working-class district*' (Franzén, 2005 & Stahre, 2007).

Furthermore, the new financially strong middle class, in combination with the cultural myths about Södermalm, has also made the district an attractive area to run a business.

In the last years restaurants and cafés and cultural, leisure and financial activities have bloomed in Södermalm, giving rise to the most cultural example of the new hip and trendy culture. (Stahre, 2007). Social cohesion and agglomeration are developed among Swedish borders through adequate policies that prompt efficient ways to integration.

Thus, a rapid urbanization and globalization has led to social multi-coloured life and in Stockholm district lives almost 180 nationalities.

The migration phenomenon is challenging yet it ensures a social and economic development for an open-minded society; despite a lack in the regulation, according to *The Stockholm Region Regional Planning and Development*⁴⁰, the relatively peaceful people climate is showing that various threats (i.e. racism) to social cohesion are absent. Moreover, Florida's approach in Sweden explains how to get public funding for cultural events and how to achieve economic growth by exploiting a positive competitive business climate.

In the case of Stockholm, government policy is meant to be extremely supportive of creative entrepreneurship, that makes easily to run a business also due to public funding likely available throughout Sweden's innovation agency.

The city provides a large showcase of top ranking universities for empowering human talents and trigger the development of creativity that in the years made the city as a leader several measures of digital infrastructure by managing the highest penetration of residential broadband, the highest percentage of fibre broadband connection in Europe and report a greater number of ICT-specialist actors in the whole economy than in any other nation in Europe.

Despite the golden role of Stockholm at leading creativity and innovation, it should be remarkable the research conducted by Markusen which delineates controversies in the analysis of the development of creative city and the role of the *creative urban policy*.

⁴⁰ Source: Overview of Office of Regional Planning and Urban Transportation, Stockholm

However, the artistic community has been controversial regarding the dichotomy aspect of creative city and the *creative urban policy* (Markusen, 2006). Despite the role of artists in empowering cultural actions, they are perceived as naive elements of *creative city policy*, that aims at emphasizing the economic profile of culture in the city in a neoliberal way trying to seek opportunities, funding and markets.

According to Markusen, artists are placed in radical disagreement to the regulation, claiming that culture is used for the *neoliberalisation* of urban policy. From his point of view, Markusen argues: “*Neither of these stylised portraits probe artists’ roles in struggles over urban form and social welfare. Artists as political actors are more self-conscious, critical and activist than either of these dualities suggests.*”

In order to analyse the role of culture in a creative city policy, Stockholm, has seen a growth in the adoption of instrumental views of culture, art and creativity as part of its increasingly neoliberalised urban policy (Loit, 2014; Rutherford, 2008; Stahre, 2004), and artists have undoubtedly shown an awareness of and opposition to the exploitation of culture in this context (cf. Harvey, 2012; Novy & Colomb, 2013).

Despite the artists’ active role, cultural policies are essential to aid the creative environment where both artists and other creative figures could coexist.

3.4.1 The Stockholm Culture Festival

Inevitably, to consider a creative city we should take into account its cultural roots.

Getting the right impulse to culture and creativity gives as result of one of the most important festival born in Stockholm in 2006: *the Stockholm Culture Festival*.

Funded by the city council, the festival born to relaunch the cultural heritage and fertility of the city, and to enhance its profile as a culturally vibrant capital.

The perspective in the long-term of the festival aims at increasing the presence of visitors surrounded by the cultural and creative environment.

Making the city alive, creating specific spots to enjoy and experience the city through the cultural activities on offer, the festival includes a vast range of performances spread within the city and in the years the number of presence rocketed; 250,000 in the first year to over 300,000 with consequent events added from 400 to over 500.

The festival attracts people from different nations showing them the positive and wide-breathing environment of the city at sharing ideas of cultural value.

Going over the good impact on the image, the importance of the festival aims at creating a distinctive idea of the city in the global *experience* economy.

As we claimed more times in our analysis, the new knowledge-based economy is rooted at *being part of the thing* that means in the case of the parades, how urban entrepreneurial displays (Quinn, 2005) to get involved people and attract investments for innovation and regeneration. The slogan for the festival, '*high quality and a low threshold*', provides the purposes to make culture accessible for all yet maintaining a high quality of urban life.

Contemporarily, the openness to culture brings people who don't get in touch with culture daily to feel more social included. All the cultural activities are well located within the most relevant spots in the city with the aim of management the spaces in a more organised and structured way to enhance social interactions. Moreover, despite the attempt of making the festival as international, formerly it needs to be considered as a strong tie to the inhabitants of Stockholm, to '*provide knowledge of the rich cultural life the city should offer, and to inspire people to seek out culture*' (Carp, 2005).

The festival has to be considered as an occasion where people can spread their knowledge and realise how important is living in a cosmopolitan creative city where the share of information is crucial to improve the borders of the *milieu*. The most relevant distinctive mark of the Stockholm Culture Festival is, '*it has to mirror our contemporary, multicultural metropolis*' (Boldemann, 2005) and to '*devoid of any real connections with place*' (Quinn, 2005).

Notwithstanding, if the festival is settled down in the *experience* economy and global competition between cities pattern, it is important to embrace an authenticity which is uniqueness for the city of Stockholm.

Around Europe, we can argue that the Scandinavian city for its peculiar characteristics such as closeness, low density, high-innovative and open-to-the-world, we can both consider how this festival can have a positive impact on the people climate and how the people climate has a positive impact on the deliberate needs to create this festival.

The environment of the creative *milieu* is the engine to cultural and creative events; contemporarily, cultural and creative events are the spark to improve the creative *milieu*.

3.5. Urban peculiarities in Stockholm

A city regeneration perspective

Furtherly, to develop the creative city framework it is necessary to count on talents' comebacks emphasizing the requirement for studies which explore '*the locally contingent nature of artists' and organization*' (Novy & Colomb, 2013).

Eckstein consider Stockholm's cultural territory as '*crucial cases*' which dim the enthusiast-opponent dichotomy to generate a deeper understanding of the impact of artists to the creative city. Apart from the common way of investigation of the potentials for openness and discussion determined by a rational, top-down planning policy, the city has realised strong interrelation amongst creative-centred artists.

The capital city is yet transforming from a small town with limited number of people living and working as craftsmanship for sea trade to a brand new industrial city that looks forward.

The municipality of Stockholm led to increase the connectivity and face-to-face relationships with more neighbourhoods and new subways connected to the new urban areas and started to be a business centre with many new offices buildings and companies established there.

This trend brings to the phenomenon of *clusterisation* of companies that concentrate their economic activities within the Stockholm region. The gentrification of the city produces attractiveness for running businesses and developing innovative goings-on activities from inside and outside the country.

The technology element analysed by Florida could be formerly found in relation with the public transportation system that has had an impact in allowing the city of being considered a space for investing in economic activities. Trains, metros and bus system easily expand the region with surrounded suburbs and new motorways and transportation thriving commuting workers. Of course, the technology element is found in the broadband technology system, in the most technologic advanced Wi-Fi networks and in the ability of the city to be smart and always ready to get the most innovative services and provide them to the population.

The County Council of Stockholm on the other hand has a relevant role in the decision-making powers related to its urban transit responsibilities. In accordance with the regional plan, the Stockholm region makes available public transit as a central condition for households and businesses in determining where to locate. The strategy driven in the years consists in orienting urban development toward existing urbanised areas. What the purposes of the

municipality aims to is the increasing of density in specific *milieu*, achieving the furthestmost of existing infrastructures while maintaining the green spots.

Correspondingly, the transportation field has the key question in networking as best as possible the north and the south of Stockholm. This is necessary not just for the expansion of the region, yet for entrepreneurship.

Precisely, more than 500,000 jobs are located on the north shore and 300,000 on the south shore while in the downtown area, there is a single major route, the underground.

According to a research made by the Centre of Excellence for Science and Innovation Studies (CESIS), Royal Institute of Technology (KTH), for a half century period more than half of Sweden's inhabitants increase can be accredited to the vertiginous growth of the Stockholm region. Urban regions primarily grow because of having larger in-migration than outmigration flows; indeed, Stockholm has seen a positive trend of migration of people as a sign of a district attractiveness.

The elements of moving people from a region to another are always related to the liveability and the positive environment, and consequently the availability of jobs, of social interactions and the establishment of new roots.

Johansson and Klaesson (2007) investigate empirical evidence that the growth process satisfies a pattern where jobs follow people. The association among the workplaces and people lights up the theme of agglomeration economics where large urban regions attract firms and job creation by offering labour supply, diversity of input opportunities and large local demand for distance sensitive output, especially supply of service varieties.

However, we should ask: Is there a direct relationship between the entrepreneurial impulse and the migration flows of a creative district?

There is not a direct answer, however, it could be arguable that the migration of people in the city of Stockholm has generated a flow of talented people to increase the knowledge intensity grow of the region.

Comparing the Stockholm region with a typical medium-sized region in Sweden, we can conclude that the diversity of job opportunities is more than seven times as high in the Stockholm region (Johansson, 2010) rather than the other agglomeration centres.

This may seem obvious due to the geographic condition of Sweden but it is just remarkable that the diversity advantage of the creative city of Stockholm specifically regards the

knowledge-based jobs where well rooted cognitive skills are required; that typology of skills that derived from academic studies.

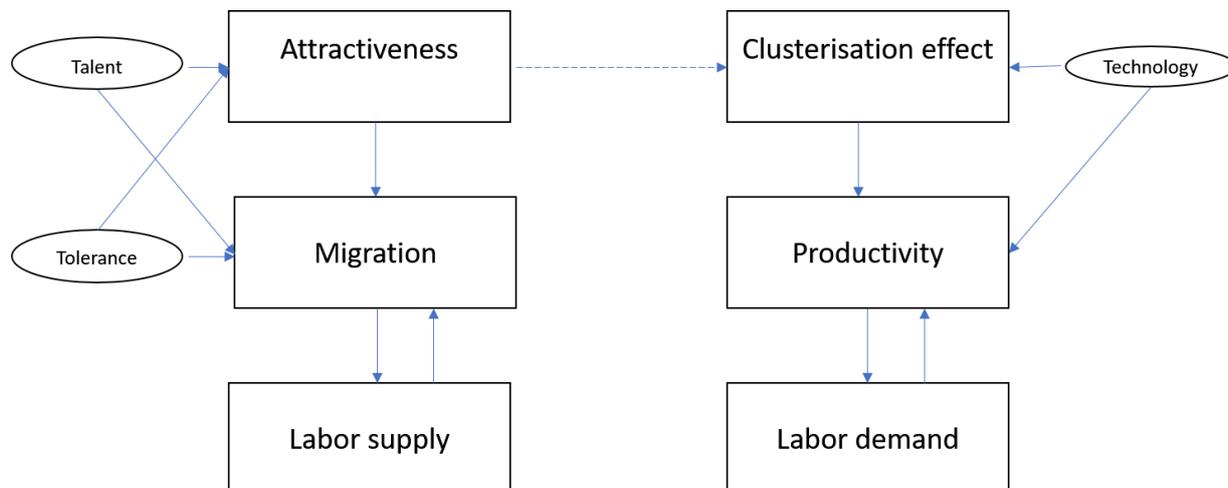


Figure 12. Relationship between creative class and cluster. Personal adaptation

In order to let Stockholm being more attractive as possible, the footprint made by the municipality of Stockholm aims at making the public transportation as fast as easily accessible as possible.

As an archipelago, the city has the potential to carry on a policy with the purposes of overthrowing barriers and improve the network connecting islands, throughout bridges and tunnels. Expanding the share of public transit, yet high in comparison with other large cities in Europe and North America is the objective. Meanwhile, the Stockholm County Council set out a strategic observation on the international development and on the promotion of the creative district.

Overall, the international process goes straightforward to reinforce the region’s international competitiveness. Across the years, the perspective around the city of Stockholm has changed; after the 90’s the city started to be considered an economic and political player that ensure its economic prosperity. The position of the city makes it compete and connecting the other city-regions of the Baltic Sea with Europe and North-America.

If in the past Swedish companies outsourced, nowadays Stockholm has become the centre of business for innovative startups, multinationals and foreign companies.

This was made possible thankfully to the idea of *Greater Stockholm* that develops a unique model in comparison with other European cities.

“Five ‘wedges’ of woods and greenery extend from the outskirts of the landscape in towards the city nucleus. They constitute unbroken greenway stretches that pass between the radii of the city’s residential areas” (Kjell Forshed)

Stockholm has been built following a concentric urban pattern that leads public transportation routes out of the city; the Stockholm district has seen municipal spread that is a consequence of its notable planning organisation.

Although the urban extension increases congestion and absorb some of the green spaces, in the last years the regional and municipal governments have created plans to change this trend. The Regional Plan and Stockholm’s City Plan both aims at improving the development of the urban core, especially on land that was once industrial and is now underutilized or vacant. The aims of the Regional Plan are to design a new spatial pattern that can be sum up as a polycentric model. The Greater Stockholm project would like to reach these purposes: to focus on the new growth in several areas and link them through an adequate public transportation system to the creative city’s core of Stockholm.

The quality and the efficiency of the public transit system is imperative to the development of of Greater Stockholm.

Contemporarily, a strong connected environment is well recognised by interested companies that ensure a strong position for Stockholm, in competition with other European city-regions.

Recalling Florida, this brings to the generation of a people climate and a business climate depending by the closeness of urban’s citizens. It can be claimed that the phenomenon of agglomeration, as we analysed in the chapters before, brings to push on the creativity and in many cases to entrepreneurship actions.

Stockholm witnesses a rapid growth in the last decade but maintaining a consensus based approach of private organizations, public agencies and citizens. This pattern generates an integration analysable under several perspectives: a specific effort has been given to more populated areas as targets for growth in the City Plan. The municipality always made long-term investments especially regarding the connection of inhabitants, especially concerning the transportation system, that are main actors of the rebirth of the city.

Overall, the features that typify a creative city are critical factors that determine its attractiveness for entrepreneurial impulse.

In this sense, efforts should be required in a more economic development through increasing investments and job opportunities, that means being more attractive for people and businesses to the city. Following this approach, it can be claimed that the creativity concept of Stockholm is a strategic drive to improve the conditions for cultural and creative industries that are important elements of the growth and attractiveness of the region.

As Florida states, attracting creative class means attracting talented people, and scholars and researchers thus encouraging investors and create meeting places to provide a suitable environment to allow connection opportunities.

Innovative fields have spread broadly through the whole district bringing to the birth of a companies' cluster that identifies the city as an artery of knowledge development (several world-leading companies in high tech and life sciences; among them are Ericsson, ABB, Astra Zeneca and Electrolux).

Within the borders of the Swedish Capital city, information and communications technology is considered as catalysator of growth and innovation but not for commerce as sole goal also for society as a whole. A connected society deliberates solution to establish a framework where physical communities move to connected communities empowering the economic, social, and environmental sustainability. In accordance with Florida, the education is a pillar factor of the development of a modern creative city.

Through education industry, the city of Stockholm desired to achieve different purposes from the improvement of student academic accomplishments to the creation of learning environment able to support city's strategic objectives that facilitate collaboration and sharing of resources and information.

Above all industries, the district of Stockholm is renowned for clean technology industry through its strong expertise in sustainable urban development and the presence of the environment technology industry.⁴¹

Likewise, a cluster of industries can be found in the life science field where the city achieves some forward-thinking stages by being one of the main network in Europe in 2010 through developing the academic research environment and being a catalysator of research centres, universities and pharmaceutical industries.

Moreover, the region has been the impulse of the economic and financial, especially for multi-national financial institutions, banks, global Swedish corporations, and international

⁴¹ EU Commission named Stockholm the first European Green Capital (2010)

companies that prefer to choose Stockholm as a place for their activities and a site to establish their regional headquarters.

Focusing on creativity, Stockholm could attract and introduce important creative industries to portrait the image of the city as the funnel of innovation.

Computer industries are also considered one of the most important creative in the region considering a major entertainment sector attracting all ages and spread widely with technology information and communication development.

Stockholm became a nucleus for specialists attracted by the innovativeness and the long-term vision in the creative field. It's important underline the fact that thanks to a great education system the game industry is well developed because ICT talents attended specific educational path that brings to excellent entrepreneurial results.

The social and entrepreneurial regional growth, is not related only to the implemented perspective, strategies or overall frameworks⁴² that have helped forecasting the future of development process but depends on the creativity approach in Stockholm that has been widely recognised in meeting its higher-level aim of *“building a strong, attractive environment in the area of social and economic innovation, and represent the city as a better place to live and work⁴³”* (Stockholm Vision 2030).

⁴² Vision 2030, Creative Stockholm Strategy, Dynamic Places in Stockholm, and regional cores and polycentricity approach

⁴³ Stockholm Vision 2030

4. The music cluster innovation in Stockholm

The music industry is a multidimensional and persistently evolving industry which has had a long tradition of both musical and technological innovation and change. Technological development has radically shaped everything from musical instruments to the creation of new musical styles.

The Swedish musical culture's heritage is considered from two different point of views: firstly, it is believed that the Swedish's folklore has had a big contribution on the success worldwide, on the other hand as a small country not heavily populated, it is easier for international trends to adapt.

Sweden is a small country where it is easier the adaptation of international trends, considering small population and accessible information.

Mentioning Florida, what was extremely important for the country's development was the positive influence of immigration concerning the music realm.

A multi-ethnic environment is vital to the development of a specific industry where the geographical borders are smaller and the interactions are fundamental. (Saxenian,1999; Florida, 2002)

Technological change has also had a key role both in the industrial structure development of the music industry and its commercial opportunities.

Sweden has deliberately followed the trend of the music changes in the years, imposing itself as one of the biggest music exporter from the 1970's to today⁴⁴.

Music has started to be considered as a creative industry since the late 1990's when Tony Blair designated the DCMS framework in UK, to recognise artistic companies' role on the country's GDP. The Swedish market is not as big as other European countries; according to an entrepreneurial research it comes out that launching new businesses and driving innovation is easier than in any other big countries. The specific influence of the market size on the network architecture is two-fold; it impacts both on the social and business level.

Sweden's small market size makes it relatively easy to negotiate deals, for instance. Relationships face-to-face can be done easily and seems like all the actors involved in the music cluster *knows everyone*.

Moreover, it is important to highlight how strong personal relationships are fundamental in the industry growth and in dealing with breakthrough novelties.

⁴⁴ According to National bureau of economic research: *Pop internationalism: has a half century of world music trade displaced local culture?*

The fact that Sweden has a modest population, make it simple to shape an efficacious network within a specific industry; however, the high rate of connection between companies and stakeholders is even possible with less marketing expenditures.

It is also easier to nourish the companies' network because the distances are shorter and cities where the companies are located are the best-connected ones.

More importantly, a technology-based society plays an important role for introducing innovations that are easily accepted by expert consumers. Although, giving introduction to new digital technologies is crucial the managerial predisposition towards the future. The Swedish network could be defined as integration among people that interact with each other; this brings to two consequences in the managerial act: an openness to change that comes from the creativity generated by the word of mouth and the start-up approach which is affected by the favourable attitude to innovation.

INNOVATIVE ATTITUDE

Changing a necessary way of doing business always involves risk. In Sweden particularly, because of the national market's small dimension, these risks are perceived as relatively low, which might explain the rapid pace of industry transformation there.

START-UP MINDSET

In recent years, many well-known technology and media start-ups were founded in Sweden including, for example Skype, The Pirate Bay, Kazaa, Rdio, SoundCloud and Spotify.

The start-up outlook in Sweden, which is hard to find elsewhere (excluding the Silicon Valley in the USA, of course), according with the Swedish Institute, is realised through an intensive development of high-tech companies, actors of the new economic wave. Moreover, the talent aspect of Florida comes out, considering that students in the many relevant universities in Sweden are the most important entrepreneurs of the country.

It should be pointed out also the tolerance aspect of Florida, that is evident in the actors' open-minded approach involved in the running a new company's business. Above all, quoting an international media interview the answer of the characters of Swedish music cluster claims, *'We are so open and free. And new services, we love them instantly. Back to facts, please.'* (Wired, 2011).

Ending up, Sweden's start-up openness affirms that Sweden is one of the most digitally connected country in the world and gains the right mindset for founding globally successful start-ups.

Overall, the main actors of the music industry are the artists and Sweden success was mainly easily reconducted to the Abba success in the 1970's. From Abba to Icona Pop, from Roxette to Robyn, Sweden's reputation for pop superiority has bridged decades to be considered as the '*Swedish Music Miracle*' in a period of time that covers the 1990's until the first decade of 2000's when Sweden's musical exports were at their economic peak. The two last decades have seen the explosion of artists recognised worldwide but after the golden period Swedish music industry suffered huge losses. The global music industry, during the decade of 2000, plummeted, mainly hit by the MP3 files in the middle of the 1990s and the resulting rise of illegal file sharing and piracy that frustrate the revenues.

Despite the losses, the Swedish cluster of music industry compared to other music markets shows share in revenues, due to the innovativeness brought by digital companies (IFPI, 2012).

The industry's digitalisation brings some drawbacks for what concerns the cultural and creative aspect: the development of innovative platforms has scaled down the core role of the artists; it can be seen how their role has started to be used just as a brand for consumers.

Nowadays, the artists belong to a catalogue that is easily accessible on online platforms such as Spotify and the Role of Copyright and Royalty Collection Associations about all the actors involved has started to be discoursed again.

Artists, songwriters and publisher collect fees in order to use their music in radio, live performances on the Internet, for example.

Quoting Florida, we can argue that the role of the technology has been the most important one in the development of creative music industry in the last years.

However, the two factors that have generated the impulse of the digitalisation of the industry might be found in the role of piracy and how the streaming services have generated benefits to the music industry. All industry analysis over the music industry trend in the last years have emphasized the role of piracy in the development of music markets especially in the Swedish one.

By developing the file sharing, company like Spotify has contributed in several ways to shaping media markets, for example, by triggering a wide variety of efforts to develop new and more attractive offers to combat illegal downloading.

With the emergence of the MP3 data format in the middle of the 1990s the recorded music industry faced its biggest threat ever, the illegal file sharing. While it is widely acknowledged that digital piracy has been a major factor in the decline of industry revenues (IFPI, 2012b) some benefits can still be observed – at least from a consumer point of view.

While piracy obviously made consumption easy in terms of “what” to consume, there is evidence that the question of “how” to consume was still a major problem for consumers. Piracy opened peoples’ minds about downloading music and consuming it digitally. It can be seen as the trigger that piloted the music industry in a direction leading to where it is today – an industry in need of a BMs that allow consumers the consumption of digital music legally. This is especially true for Sweden, since there was a huge spread of piracy that made Sweden one of the least profitable markets for digital music in the world.

Since piracy was adopted so quickly especially in Sweden because of Pirate Bay⁴⁵, and a lot of people were used to accessing music illegally, the cluster of industries faces the need to change the trend. Despite, in 2005 Apple launched iTunes in the Nordics it never became popular enough in Sweden to stop the trend of declining music revenues.

In the 2008, with the launch of Spotify the Swedish market got back to reach the footlights showing significantly growing revenues in the overall music market in general and the digital music market in particular. It is necessary to understand the real motifs that made Sweden the most considered country in Europe for the music industry; we can configured that the network of actors, the closeness of talents, the easiness of establish relationships might be the most important elements to generate a positive climate within a cluster.

That means that involved actors within the network changed the business; their roles in the transformation and innovation process depends directly from the creation of a cluster.

In the following paragraph, coming back to the city of Stockholm, we analyse in the capital city the most important music cluster of the Swedish country relating to the possible causes that have triggered such phenomenon in accordance with the creative class of Florida.

⁴⁵ Founded in Sweden in 2003

4.1 The Stockholm's music: a creative milieu

This paragraph would start with an interrogation.

How can it be that such a less populated country in northern Europe has reached an outstanding position on the world music scene and above all, why particularly, the city of Stockholm?

If a creative city, in our analysis, has economic and social purposes to attract creative people and connecting them as a key feature, it would make sense to categorise a milestone the city of Stockholm all over the world.

Amongst the creative and cultural industries developed towards the creative city, apart for the fashion, design and gaming industries, the region is famous because of the music cluster as one of the most world important hub.

The city is the uncontested leader of Swedish music with the 70% of the total of music exported abroad and produced within the musical scene of the city. From 1970's on, the people climate allows the city to be considered as a crossroads for the local and international musicians, DJs, writers, and singers. The turnover of the creative music industry rocketed following the pace of changing of the society: from vinyl to digital music, from a daily commodity to a new way of music consumption.

Already leader in the ICT sector, with one of the widest broadband connections in Europe, Stockholm triggers the development of digital companies that changed the way the music is perceived. To intensify the musical activities the Stockholm region built up arenas that brings thousands and thousands of spectators, composing the 55% of arenas in the country.

Despite Sweden has a small market its music culture has been unexpected successful in exporting its music internationally (Wikström, 2009).

From the great explosion in the 1970's Sweden has become a centre for pulsating music life that apart for the festivals became notable for its music production.

Considering the music industry as a pillar of the Swedish creative economy, the district of Stockholm became the biggest production area of Sweden. overall, the country became the largest music export per capita nation in the world and during the latest years the country has become famous for transforming the music commonly considered as commodity in digital innovation as a major effort of entrepreneurship.

The Stockholm music cluster is composed by several industries that have had the capacity of integrating the local music industry with a more varied service industry, with an ICT core that combine music and digital innovation in a homogeneous way. The music industry has led the city of Stockholm to consider the cluster as a big part of the possible perspectives related to the urban regeneration. Considered a catalyst for Swedish music, Stockholm lately has been the cradle of international artists that are over the top world and European charts.

However, before putting under the observation lens the Stockholm district it seems necessary an overview of the Sweden music industry.

Thus, it should be considered how music entrepreneurship is settled within the Swedish country. Referencing Florida, the talent element of creative class is prominent for generating the entrepreneurial impulse that even of is not a direct relationship, it might be almost addressed. Indeed, creativity related to the music is a natural part of the Swedish educational system; music is a natural part of children's lives. Apart from the fact that music is included in the school curriculum, there are also many clubs and organizations often no-profit that make it possible for those who are interested in music to pursue their interests. The role of music schools aims at providing voluntary training in music that is operated in cooperation with the municipal schools. Related to municipalities schools, in Sweden there is a long and profound musical tradition Swedish choirs are world-class and considered to be one of the best choirs in the world.

The municipal music schools are one of the most important contributing factors. According with the Swedish Institute, childhood's first approach to music takes place in the municipal music schools - *kommunala musikskolan*- allow the access to instruments and classes are provided through music schools run by various local municipalities.

Furthermore, in accordance with *Sveriges Körförbund* (the Swedish choir union), roughly 600,000 Swedes sing in choirs making Sweden the country with the highest number of choirs per capita in the entire world.

More importantly, in the development of such creative industry the government's role is predominant. As we have seen in the 90's the emergence of frameworks about cultural creative industries, the success of the Swedish Music export has been addressed on the Swedish Ministry of Finance that in the decade of 2000's established the prerequisites to trigger the music clusters. Going deeply, the Swedish government alike funds the industry by promoting Swedish artists' careers and allocating roughly SEK 1 billion (\$151 million, €116 million) in the form of contributions to performing arts every year.

The social welfare behind the Swedish music miracle highlights the Swedish government's support of musicians and artists through the Swedish Arts Council⁴⁶.

The city of Stockholm is the core of the Swedish music scene occupying the greatest percentage of sales (approximately 70%). It could be arguable that the largest city of Sweden is the biggest music producer but the relation is not immediate.

The city provides a flourish environment that attracts musicians, indeed the creative industry in Stockholm is closely tangled generating cooperation actions that emerge among not only musicians but also talented people from other creative disciplines. Additionally, Stockholm has a relatively strong, export oriented music industry characterised by various both local and global music firms involved in the commercial business of music, and the creation of musical acts that have enjoyed some measure of international success.

Yet, Stockholm is not considered as the most predominant source of music talent in Sweden, indeed many of the most famous bands come from other cities, the capital city does matter if considering how well developed is its network of music companies.

As a matter of fact, group of artists prefer living in Stockholm because of the city's liveability and its tangled relationships thus, Stockholm's industry relies heavily on competence-based people that come from other regions in Sweden.

The region has many local and international music companies: a cluster of almost 200 record companies and approximately 70 music-publishing companies that establish the 50% of the whole nation, even though in the last decade the trend is shifting to the development of digital music companies. The most remarkable aspect of the industry structure is the extent of internationalisation and exposure to the global market basically due to the necessity of spread out of the small borders of the country.

In the case of Stockholm, the agglomeration of industries has been crucial for the development of the new trend of post-industrial music cluster.

Quoting Glaeser (2000, p. 84) '*cities exist to eliminate the transport costs for people, goods and ideas*'. Storper and Venables analysed the fashion industry cluster and determine why people and economic activities tend to agglomerate proposing the thesis that links between firms, access to markets, dense labour markets and '*localised interactions which promote*

⁴⁶ The Swedish Arts Council is a public authority under the Swedish Ministry of Culture whose task is to promote cultural development and access, based on the national cultural policy objectives.

technological innovation' accelerate the economic development of a district generating an economic growth (Storper and Venables, 2002, p. 4).

Over all the aspects, the city of Stockholm owns its peculiarity in a small geographic area where costumers and stakeholders are concentrated. The development of the Stockholm music cluster explains how local proximity based- knowledge can be transformed into a foremost worldwide competitor in a relatively short period.

The relationships and the linkages within a less dense territory strengthen and improving the cluster yet its features should be analysed in terms of maturity, degree of knowledge and diffusion of innovation. Within a cluster, people's competence is specialised, the network is well structured and the knowledge is spread abroad.

Hallencreutz (2004) presents the Swedish clusters segmenting in:

- **Specialized services** – artists, lyric writers, musicians, producers, composers,
- **Production** – music production, music performances, copyrights, digital platforms
- **Related activities and supportive institutions** – musical studies, record companies, recording studios, technicians, printers, agents, managers,
- **Customers** – the final consumers of music.

Sweden is considered to own technological features that in the years have shaken the music industry both in the production field and in the development of information and communication technology with the birth of digital music start-ups.

Stockholm in the years has become the headquarters of most important record companies like Sony BMG, Universal (France), Warner Music (USA) and the EMI Group Plc. (Britain) with the goal of establish important associations to both the Swedish and the international market.

Additionally, Stockholm ascendancy in the music industry is related to the solid dependence on a collaboration with the media, indeed the nearness to TV and radio is also important for the artists' debut and even more important is the role of video producers and companies based in Stockholm.

Stockholm cluster's attributes rely on fast connectivity in a small environment where '*everybody knows everybody*' and from a research conducted by Hirsch (1972) it is a factor for a successful multifaceted context. Going further, proximity allows better communication among the actors involved and companies care about the reputational capital of other actors

who belong to the cluster. The amenable atmosphere of the milieu facilitates the relationships and trustworthiness relationships generate better results in the regional growth.

Competition is not strong as in other regional economy and the actors involved in the music cluster tighten positive relationships that reflect on their jobs.

The relationships are the nourishment of the music industry in Stockholm: interaction between composers/producers and record companies are the normality, and nowadays interactions between digital companies have become fundamental for the technological development of the milieu.

Cooperation, as well as close and informal contacts through the exploitation of the talents' competence are elements able to generate new impulses as driving innovative forces.

The Stockholm's dominance in Swedish life, the dense fabric of the city and the fact that nearly all the firms were located within walking distance from one another backed up the "*buzz surrounding the city itself and around the music and ICT industries. Perhaps more important was that the buzz*" (Storper and Venables, 2002). The relationships-based pattern allows the spread of knowledge then insights; the more the relationships are rooted and structured the more a strong network is (to important gatekeepers, possible clients and collaborators (Bathelt et al., 2002).

Concerning although the economic dimensions is indisputably necessary to cite the ABBA's success that seems to establish a kind of match for the lighting up the whole process.

Despite the importance that the music field covered above the whole Swedish economy, the convergence in the last years has seen a shift from the artistic conception of the music as a way of life to the exploitation of the ICT based company that develops platform for the music sharing.

In the years, the music field has changed frequently the conditions of consumption with the advance in technology. In Stockholm, new small firms are pioneering the digitalisation of the music going against the main record labels and distributors that once dominated the traditional music market. Now, old companies must review their business model, adapting to the new technology era. Despite, the reluctance of the contemporary music companies that complain about low profits in the digital music, the trend of the post- modern music industry has started.

In the analysis of the Stockholm music cluster, it should be recognised how the impact of the creative class element of technology has powered up the music industry.

Indeed, the music industry in Sweden has been known from the 1970's due to the artists' exportation abroad and lately it has seen an innovative and creative development lately.

It can be arguable that the artists' role has been jeopardized by the advent of new technology based music companies. The emergence of a new post-industrial music service shows, especially in Stockholm, a symbiosis with the most advanced technology developed in the creative city.

Nowadays, the innovative service based characterised by ICT mediated elements of the music economy generates the largest profits and value added since decades and have to be considered as a natural prosecution of a new musical economy.

The analysis of the Stockholm music's cluster follows a parallelism between the ICT factors and the relative growth of the city. The purposes, in relation with the creative class, is to understand if geographic proximity based on agglomeration in urban area ease and intensify transactions that are crucial to successful and cultural-creative entrepreneurship.

So, can the cultural entrepreneurship be found in a new digital way of considering music?

If the artists were always considered as kind of entrepreneur *per se*, nowadays entrepreneurs might be considered as new actors in the direction of get into new opportunities to produce an identity and social trajectory as a '*new taste maker*' (Bourdieu, 1984).

This is the new way by which the music is becoming a new frontier for cultural entrepreneurship or maybe it just came from the cultural background, in the case of Stockholm, to develop new creative forms. Howsoever, understanding the new tendencies through which new technologies give rise to new opportunities as well as relationships with existing industries with the role of agglomeration effects and economies is crucial.

Moreover, the city's technological and telecommunications infrastructure and services are vital for the development of digital platforms.

Above all agglomeration considerations already mentioned the importance of the labour market. As opposed to the traditional image of the ICT industry the music industry is predominantly worked by people with low levels of formal education (Hallencreutz, 2002).

Contrarily, mentioning Florida, it can be arguable that talented people useful for the development of ICT service industry in Sweden come from high levels of formalised university level education in technical subjects.

Back to the present, the city of Stockholm is the headquarter of many digital music companies because of migration of talents or indigenous talents; the choice has been often related to a cosmopolitan way-of-life and the choice of different lifestyles that lead to believe how much cultural, environmental and social background are indispensable as an outcome of rational economic location decision-making (Zukin, 1995; Scott, 1997; Caves, 2000; Gibson et al., 2002; Hesmondhalgh, 2002).

Consequently, it can be seen the same pattern shared by the digital companies involved within the Stockholm music cluster. Formerly, all the firms had an international perspective. They developed a long-term vision in an international environment related to the nature of their products easily exported because digital.

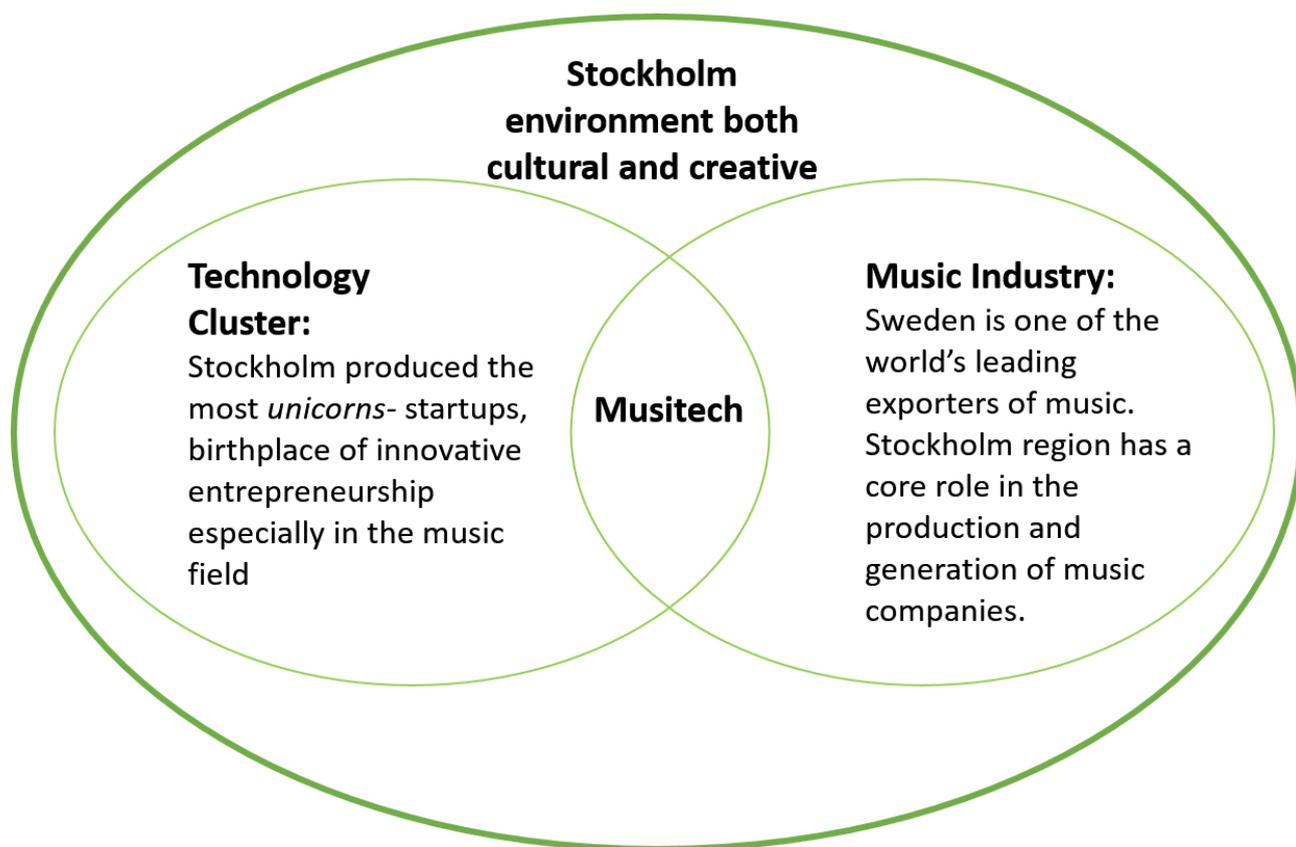


Figure 13. Relationship between technology and music industry in the Stockholm *milieu*. Personal adaptation. Source: Stockholm - The birthplace of Musitech *innovations*

Swedish service industry business culture is often oriented straightforward to global market success and it happens that small companies are well considered from foreign investors. The aspect of digital platform service in the music field is the sharing with a community; this is particularly important related to the nature of the products that are immaterial and shareable.

The case of Spotify, born as a start-up but soon considered a *unicorn*⁴⁷, is the best example of triumph of digital music platforms in the last decade. To point out this trend, the Stockholm Business Region report '*Stockholm –the Powerhouse of Sound– The birthplace of Musitech innovations*' highlights how Stockholm has become the home of the new digital industry, by joining together technology and music. Thus, we ask again: how the city of Stockholm has peaked at vertiginous pace becoming the world capital of *Musitech*.

The elements that distinguish the city from the others European cultural and creative capitals is the way it acts as an incubator for ideas. This result made technology accessible and applicable to every field, especially the most digital ones. The music companies' scene in Stockholm characterised the so called *Musitech* that in 2015, companies attracted \$555 million in open/reported investments. The cluster attracts total investments for €892 million, mostly invested in digital streaming platforms either if other successful music companies lay down in the Stockholm Musictech sector. The report investigates 25 music forefront companies divided in five different sections, regarding their nature.

The biggest portion of the cluster is characterised by companies which are digitally transforming the music field. The software based and streaming service companies are the result of a merge between music and technology that results in interdependency with language skills, international exposure and role models.

Finally, we can conclude that the interactions of all these factors along the years spark the Stockholm music cluster.

Stockholm music cluster shows how both collaboration and competitiveness together prompt the regional growth. The technologic and organisational structure of Stockholm's music industry characterised by a diversity of actors and firms based on a high turnover, has peaked in the 1970's and from there on it has never stopped. Obviously, the music industry has changed but the creative city has had a fundamental role following the pace of structural, organisational, and technical transformation. In the past, music business was mainly

⁴⁷ From Investopedia: *is a company, usually a start-up that does not have an established performance record, with a stock market valuation or estimated valuation of more than \$1 billion.*
<http://www.investopedia.com/terms/u/unicorn.asp>

concentrated on the role of the artists, now it has shifted to innovative and creative digital companies always maintaining the central role of the *milieu* with coordination and collaboration of knowledge.

Thus, despite the Stockholm music cluster entered a phase of endogenous agglomeration and growth, with the digitalisation of the music industry, the cluster started to have again a leading role. In the 2008 a new start-up born in the Stockholm district and starts the new era of the digitalisation of music; Spotify and related music streaming services open a window into the future of the music industry.

Percentage of sharing in the Stockholm music cluster

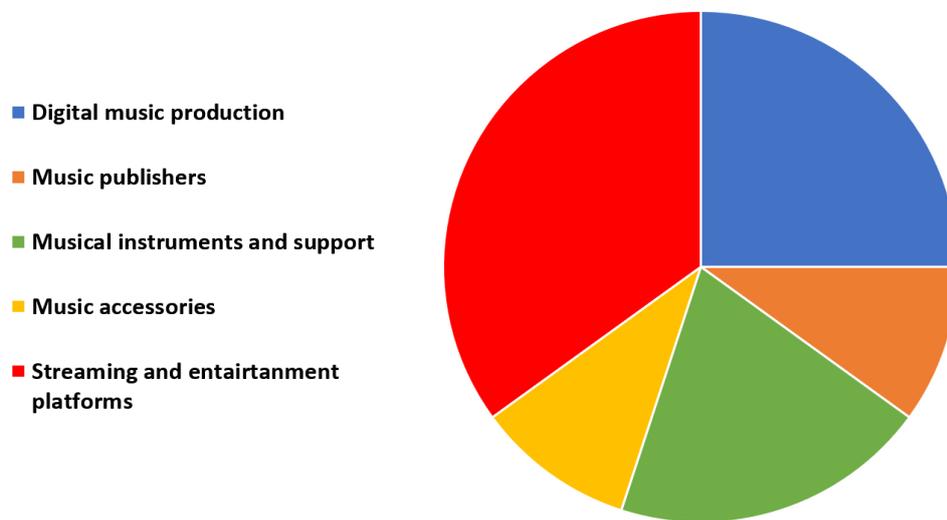


Figure 14. Percentage of musical economic activities in Stockholm.
Personal adaptation inspired by Global Music report (2017)

4.2 The Case Study: Spotify

The Music Start-Up from Stockholm to the World

In this chapter, we would like to measure of the impact of the creative city of Stockholm in the entrepreneurial development of one of the best music start-up of the world in the last years.

The aim of this paragraph aims at understanding why Spotify has born in Stockholm, what were the aspects that have influenced the development of the company and in which measure the environment has had a weight. We would like to compare the creative class 3T's studied by Florida to the business model developed by the Swedish company with the purposes of investigating the influence of the creative city above the innovation in the music field.

Moreover, as the creative class have been central in our analysis, we would like to consider how much important has been the role of talents, technology, tolerance that we have clearly investigated about the city of Stockholm. The traits of innovation technology should be tracked down by the analysis of the business model of Spotify with the objective of investigate the eventual relationships among creativity and innovation. Spotify has completely changed the way to listen the music. In the early 2000s with the introduction of the first music tools like iPod and MP3 readers, the global music industry agonised, especially because of the overflow of piracy files. The MP3 files that was considered a disruptive innovation in the late 90's became the main threat for the music industry, that according with IFPI⁴⁸ (2010) generated huge damages to music labels. Despite the introduction of platforms for digital music has brought a steady growth, the global profits of the music companies still show losses (IFPI). Out of the box, Sweden is one of the only markets in the world where record companies instead of having massive losses, monetise even in rough water. Stockholm has been often considered in a negative way because place where ironically born Pirate Bay a platform still considered the most important for illegal peer to peer (P2P) download files.

The direct link between the losses of the music companies and the technology advancement of the piracy that ease the transfers of files highlights the importance of considering the characteristics of the music industry in Sweden, where despite of a worldwide negative trend, it reached positive revenues. It is important, though, to investigate what are the peculiar aspects of Sweden. Undoubtedly, it is necessary to consider the consumers attitude; they are more open-minded to novelty; thus, they prefer the birth of a new free platform for sharing,

⁴⁸ The International Federation of the Phonographic Industry (IFPI) is the organisation that represents the interests of the recording industry worldwide.

listening and producing music instead of nurturing piracy. The rise of digital music gave the entrepreneurial opportunity to develop and enhance digital music services that along with music labels presumed to have primary roles in shaping the new music era. Even though at the beginning the digital platforms suffer of the development of piracy, then became an important marketing tool for artists and intelligence tool for record labels. Along the years, the context of the Scandinavian country has been well known as a positive environment for digital start-ups that *clusterise* in specific district, as Stockholm, building an ecosystem where they can enhance their network and look forward towards abroad contemporarily. The splendour of the Swedish music industry relies on the digital innovation; in fact, in other markets digital revenues still account for a minority of revenues (e.g. Germany 15%, France 19%, Spain 24% or UK 32 % (IFPI, 2012b)), as we seen in the graph above digital music production and platform for music sharing composed more than half of the total revenue in Sweden (IFPI, 2016). The share of music subscriptions within digital music revenues in Sweden buzzed in 2008 with the birth of Spotify and after less than ten years, streaming accounts for 67% of the music market, while, for instance, in comparison with Germany, CDs remain the dominant format and physical sales represent 60 per cent of record company trade revenues. (IFPI,2016). Indeed, Spotify has allowed Sweden to receive investments by record companies that have seen the decrease in the selling of – by now - obsolete CDs. Nowadays, Spotify is available in more than sixty countries spreading in North and South America, Europe, Asia and Oceania.



Figure 15. Spotify's presence in over 60 countries. Source spotify.com

4.2.1 The Spotify's revolution

“Much like we believe a strength of the CD [was] being ubiquitous — that you can take a CD and put it in any player and just press play — that's how easy we want it to be to play music with Spotify”

(Daniel Ek, CEO of Spotify, 2012)

Spotify happens at the right time and at the right place to let it overpower the previous technology but more significantly the past idea of music consumption.

What it can be called the *Spotify revolution* has changed the experience of the music and transformed the recording industry. The innovation in the music field brought by the country was started by Spotify as the first service introducing streaming as a practicable legal alternative in contrast with illegal file sharing and piracy labels that for years have assailed the music industry.

The digital music files were a medium to let piracy became a major part of the music consumption and neither legal services born before Spotify, like iTunes, were considered as a legal substitute for piracy.

The fact that the Swedish country has the powerful elements to be a pioneer in the music industry marked the beginning: specifically, the Stockholm *milieu* where rights organizations, music services and telecommunication providers were already present, the fact they are close enough to take part and being the first actors of this innovation made Sweden one of the biggest music market worldwide.

It was the 2008, the year Spotify launched that the Swedish music market rise to show significant revenues and a significant step for the digitalization of music.

According with Scott Farrant⁴⁹ *“Spotify is winning now because the user experience on the illegal things are so bad.”* Thus, as we outlined throughout the previous chapters, the *experience economy* has tracked the new way of consumption; nowadays, consumers don't want to have a commodity, they want to experience it the more they can. As long as the consumer feels closer to the product, the product itself begins more valuable.

That is the case of Spotify that exploits the negative trend of the industry in the first decade of 2000s to elaborate a platform for sharing music counting on the community.

⁴⁹ Head of business at STIM (Swedish Performing Rights Society) protects the interests of authors and publishers of music in Sweden. On their behalf, STIM administers and licences rights to music and text.

Spotify makes things easier: the music good does not have to be purchased or downloaded singularly, but consumers may pay monthly a fee to listen unlimited music.

The other remarkable point of the Spotify platform relies on the subscription; indeed, consumers may choose if paying the fee or enjoy music for free with some limitations: the *freemium* business model has allowed Spotify to reach a worldwide success.

Originally, Spotify permitted to a restrict number of users to join the free service and used the community to enlarge through invitation sent to existing users with the objective of inviting other users. A few months later, Spotify raised the limitation starting from the United Kingdom to expand the strategy in most of its markets in the following months⁵⁰. After the achievement of good results in Europe, Spotify has been launched in the United States in 2011 through a peculiar approach where substituted free users by offering six months of free premium use to American customers.

The marketing strategy, afterwards, let consider to customers if paying for a subscription or start using the free ad-supported platform. The strategy was successful, the results were sensational and the Swedish start-up grew quickly in the United States to reach one million paid subscribers in the United States and almost six million worldwide.⁵¹

The growth did not slow down, and in March 2016 in accordance with the founder Daniel Ek's communication, Spotify had reached 30 million paid subscribers while during the summer of the same year, its total user base (paid and free) reached 100 million active users.⁵²

A snapshot of 2016 shows that Spotify has been maintaining in a more distinctive way the two service tiers in most of its markets: free and premium.

The key success of the business model gravitates around the possibility of limitless on-demand listening of every song in the Spotify catalogue, innumerable times, from any computer, tablet and smartphone. The difference between the two services is one of the key factor of success of the start-up. In fact, both offer endless music in streaming but free users are subjected of playback interrupted commercials. It is a remarkable mark considering that for the first years Spotify used to insert few commercials whereas nowadays with the worldwide acknowledgement, the frequency of commercials increased due to partnership with major brands that exploit the music channel to promote their products.

⁵⁰ "Spotify Now Available to Everyone in the UK," Spotify, <http://news.spotify.com/us/2009/02/10/spotify-now-available-toeveryone-in-the-uk/>, accessed May 11, 2014.

⁵¹ Paul Sloan, "Spotify: Growing Like Mad, Yet Still Far to Go," CNET, March 12, 2013, <http://www.cnet.com/news/spotifygrowing-like-mad-yet-so-far-to-go/>, accessed May 11, 2014.

⁵² "Spotify monthly active user base reaches 100 million," Reuters, June, 20, 2016, <http://www.reuters.com/article/us-spotifyusers-idUSKCN0Z61FM>, accessed August 2016.

On the other hand, premium users could listen to music without being interrupted by adverts, had access to higher-quality audio and more importantly download songs for listening offline – another element that denote the strength of the digital platform that makes music available every time. Moreover, Spotify offers specific plans for students with a reduction of the monthly fee of the 50% that symbolises how much the Swedish company relies on young community trying to involve them as much as possible.

Speaking of the devices where the Swedish company is present, Spotify provided a mobile app that could be installed on Android or iOS smartphones with a substantial difference between free users and subscribed ones: only premium users could play music on demand with the Spotify mobile application while free users are not able to pick songs except for the creation of a *station* that would play. The station will reproduce random songs related to the artist the user wants to listen interrupted by advertising.

Along the years, Spotify often developed promotions to try to embrace a constant flow of customers to its subscription services, also developing advertising on its own.

4.2.2 Spotify: Sustainable advantage's factors

The other takeaway to evaluate Spotify is the interface that makes music as fast as possible and the most easy-to-consume.

When opened, the platform allows users to search for any song directly from the home screen, access their list of favourite songs and artists, access their playlists, and browse the most popular tracks and artists of the moment. Indeed, Spotify developed a function called *Daily Mix* that offers playlists populated by the more listened authors plus new discoveries in relationship with the music streamed.

The *radio* function is a revolutionary aspect as well; it is customised on the user's taste, where basically the consumer decides for a song, an artist or a playlist and the function provides similar songs to enhance the entertainment. The other function extremely important for the entertainment of the user is *Discovery* that displays a list of elements useful to boost users: *rankings*, which show the most streamed songs divided for country, *genre and moods*, that is a functional tool that aims at matching emotionally with the user's mood and lately the producers introduce the function *concerts* where through the geolocalisation of the user, it provides a list of concerts in the area.

Spotify embraces the social network era and obviously faces sharing challenges.

To reinforce the concept of community, the platform allows to follow friends to see what music they are listening to. As well as for friends, users could also follow artists, bands and other personalities to reach them and get alerted about news or new release of songs on the platform. An important part of the social strategy is the integration with Facebook and Twitter with the purposes of discovering friends' activities to discover listening habits on social networks.

What the developer of Spotify points out is the necessity to reach a closer integration with Facebook so that it forced users to log onto Spotify using a Facebook account. That strategy was considered badly by the community forcing Spotify to change its plans.

The new strategy was addressed to both users with a Facebook account and not, asking them to register an account with Spotify for being part of the community.

Subsequently, all users are also able to save and share their playlists also in accordance with third-party websites, such as Playlists.net or Shareplaylist.net, where communities suggest, share and rank playlists.

A key structural element of Spotify is its autonomy of management innovation and rapid changes within its organisational structure accelerating the pace of improvements especially concerning the design of the platform and how the users can better interact. The emergence of

a light structure able to change following the pace of the digital environment is also due to the work environment characterised by informal interactions based on several teams that spent the 10% of their working hours to *hack time*, precious time dedicated to brainstorming and developing new ideas following the idea of its founder Daniel Ek that claims, '*We aim to make mistakes faster than anyone else*'⁵³. Truly, the music industry is extremely volatile and the need for changing the fastest the possible is crucial to gain a competitive advantage. Spotify is always aware of new technologies that hit the mobile market to make the platform available for each device; lately, it has become available on every interface, adding also Sony PlayStation and more notably a feature to play Spotify in the car radio.

⁵³ Spotify Training & Development, "Spotify Engineering Culture," Vimeo, February 2014, <http://vimeo.com/85490944>.

4.2.3 Spotify: Financial Overview

At the beginning, Spotify tied relationships with the major music labels for a total of the 18% of its shares.⁵⁴ When the Swedish company decided to go worldwide it needed substantial investments that were not difficult to be found: indeed, from 2007 to 2015 it successfully completed seven funding rounds, reportedly raising a cumulative total of \$1.06 billion with a 2015 valuation of \$8.53 billion.⁵⁵ The way Spotify is growing is impressive: in just six years overpassed €1 billion in revenue enlarging its installed base hugely. At the same time, Spotify producers create a self-reinforcing cycle: a larger installed base generates more innovation and attracts more investors, while the availability of more tools within the platform attracts more and more users worldwide. Anyways, even one of the biggest *unicorn* of the century suffers, at least at the beginning. From 2008 onwards, Spotify had yet to gain a profit: as a matter of fact, the explosive growth has been followed by growing losses due to the expansion in foreign markets all of sudden. The largest expense is the cost related to goods sold that can be summarise in costs for music rights. This consisted mainly of the royalties Spotify paid to rights holders in order to get access to artists' music discography that would be offered to Spotify customers. Another possible downside was the difficult to sign agreements with the music holders that strictly depends on country's laws which are very different when it moves from a country to another. Spotify's major impact on costs is characterised by royalties to labels, artists, independent company, publishing and distribution with an innovative model that has allowed the labels to follow real time the feedbacks concerning the liking of the song or album, managed by specific managers as a key strategic instrument for shaping the campaign record. Globally, Spotify distributes about 70% of the total income of the service in royalties subdivided in a part that goes to the artist in accordance with the label while another part goes to the publishing owners that will be displayed in the following schema.

The royalties' system is distributed following several steps. Firstly, the revenues are generated by advertising and from subscriptions, in other words the number of total users and the subscribers and the amount of advertising sold which depend widely on the country.

Then, the determination of the percentage of the payout of each single artist is considered on his streaming on the platform. After that index, approximately the 70% is distributed to labels and right holders while the percentage due to the artists is related to their contract with the

⁵⁴ Marcus Jerräng, "Documents Reveal Major Labels Own Part of Spotify," ComputerSweden, August 7, 2009, <http://computersweden.idg.se/2.2683/1.240046/documents-reveal-major-labels-own-part-of-spotify>

⁵⁵ Data from Spotify's entry in the CrunchBase start-up database, <http://www.crunchbase.com/organization/spotify>

label they belong to. Exceptionally, in the case of independent artist the Swedish company addresses the total of royalties to him. At the end of the calculation, there is the total payout of the single artist.

In accordance with Spotify accounting data, the system of payment of royalties is two times more profitable for the artists than any other streaming service, and it is estimated that in the future may even fourfold the artists' profit.

On the whole, the model of subscription introduced from Spotify has changed the expectations of competitors' music industry that replace the typical system of purchasing every single song to a remuneration by introducing the idea of paying to stream.

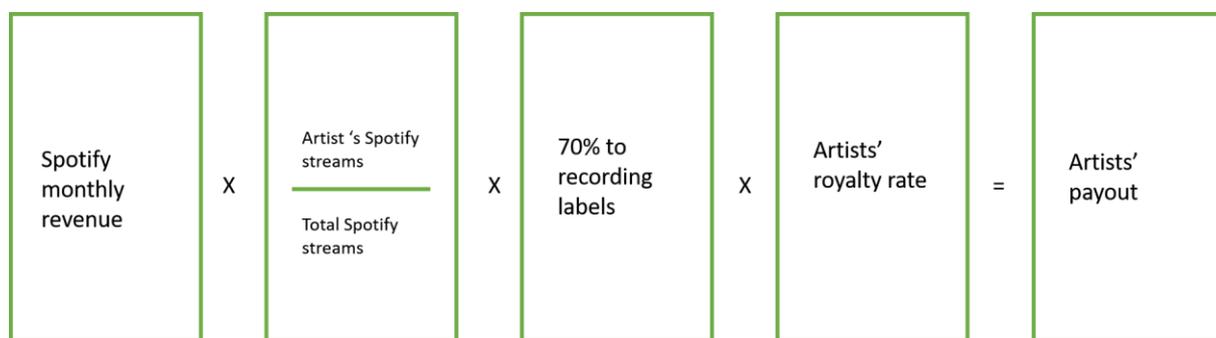


Figure 16. Royalties scheme. Personal reproduction based on source

Nonetheless, the royalties' system has brought some criticism; despite the large share of revenue destined to royalty payments, Spotify challenges disapprovals from artists for the low amounts they earned.

The subdivision of royalty managed by Spotify depends strictly on labels and this is the path followed by the company to defend itself. Doubtlessly, artists' royalties rely on their agreement with labels but still this did not stop famous artists from publicly speaking out against the company, with some of them that prefer to pull away their songs from the service. What emerges from the royalty payment is that the worldwide hits receive more visibility thus earn more rather than other artists with a discrete success that has a trade-off with sharing on Spotify: if from one side they do not have a breakthrough advantage, from the other side they would be present and listened all over the world.

To balance the costs, Spotify exploits the advertising channel that has a peculiar role of both financing the free service and to attract new partners.

During the communication that takes place at this type the attention of your users may not be distracted by other advertising. Spotify was able to catch the best even from its thirty million who are not under subscription through its platform that would be a very attractiveness solution for companies that need to reach a good reputation, offering them the possibility to enter on the advertising on a music platform to reach a younger audience.

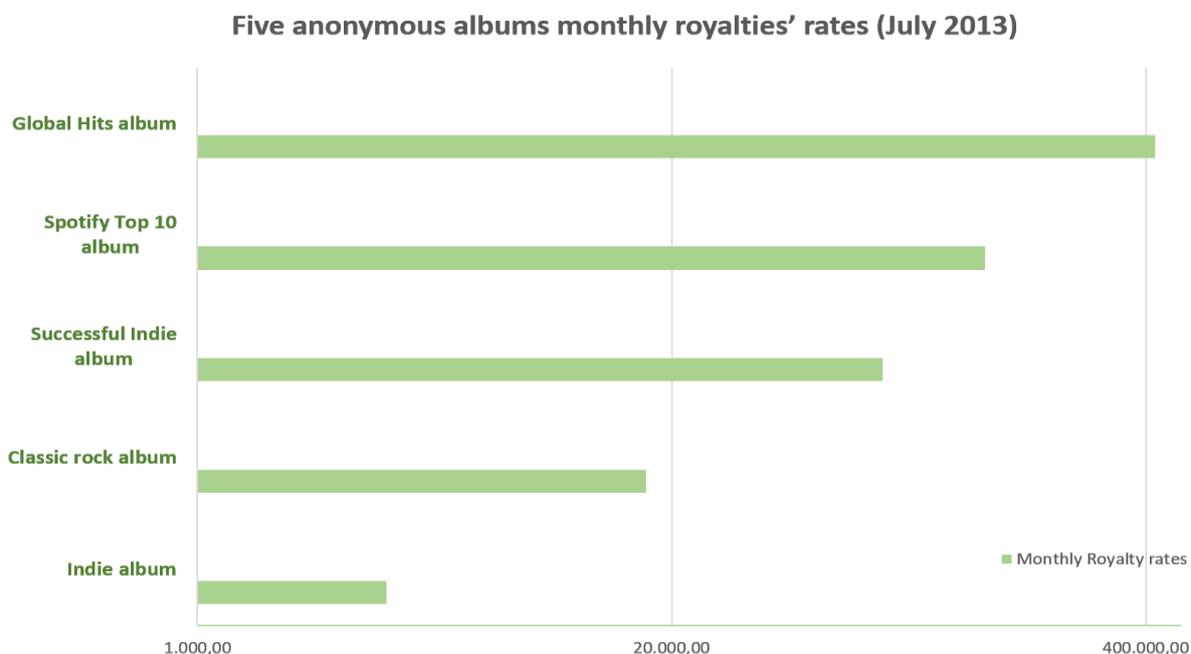


Figure 17. Monthly royalty rates. Personal reproduction.
 Source: "Spotify Explained," Spotify, December 2013, <http://www.spotifyartists.com/spotify-explained/>.

To reach new investors, on the website Spotify there is a section⁵⁶ dedicated to data and statistics of all partners necessary for the evaluation of investment alternatives. Additionally, Spotify data based on a global average of users' owner of more than one device estimated that the average of user consumption per day is higher than two. A relevant part is played by the social interaction that are crossroads to develop an everyday bigger community.

The advertising service ensures companies the highest frequency per day that ensure an efficient result, also because of the audio commercial tracks that are still preferred rather than visual banner. With the audio advertising, the Stockholm based company wants to touch emotionally the user and throughout the power of sound it gives direct voice to a unified vision of the brand.⁵⁷

⁵⁶ Spotify.com/Brands

⁵⁷ Spotify, How is Spotify contributing to the music business? (2013)

The platform helps the brands to create an image by evoking sensations across a multiple repetition of the messages as intervals between the songs that have the prerequisites of clarity, because the consumer immediately understand of which brand is the commercial, it should be informative about the sponsored products, it has to create interest, by stimulating the attention to attract the listener to learn more while at the same time it should be funny and creative to let consumers to bear in mind the brand.

Albeit, Spotify provides many other methods of advertising to the companies, like *display* advertising, the most widespread image for thirty seconds maximum, measured by visits and reach indicators that show the traces of clicked advertising.

Another kind of visual advertising is the *billboard* through which it is possible to propose images as screen saver displayed after five minutes of inactivity from the user, as well as *branded* page where the brand can have a custom page dedicated reachable by the user by clicking on the ads of the brand. It may contain video, images, blog, news, links and comments. Apart for external partnerships, the platform develops *branded* playlist where it offers the possibility of listening branded playlist, based on most popular artists promoted through suggestions.

The partnership system is truly important both for commercials and for enhancing the social network aspect of the platform; to highlight this point is necessary to consider the most important relationship tied with Facebook. In a dynamic context where changes happen at the speed of light, Spotify has been able to adapt to the new consumers' trends exploiting the potential of social music.

Another suggestive partnership has been made with Coca-Cola that shares the same peculiar characteristic of Spotify: *being anywhere, anytime*. According to the terms of the agreement, Coca-Cola other than helping to the diffusion of Spotify in all countries where the beverage brand is already distributed through their ad campaigns, has launched an application in 2013, *Placelist*, on the music platform through which users can share their playlist in relation with their position. The purposes of the relationship were to enlarge the community to make feel users closer, enhancing the soul of the community and empowering both brands awareness.

4.2.4 Spotify: The competitiveness in the digital music field

In the market of digital music there is a strong and growing competition among the many technology digital companies that would like to gain a competitive advantage over the other ones.

The very first competitor of Spotify is Pandora, offers an online service of online radio that allows users to discover new music according to personal tastes via a subscription. Pandora offers genres of music that are most suitable according to the feedback of the user that can furtherly download the song. The platform registered 200 million users by the end of 2013 with an uncertain future because it is not clear how forecasted are the next strategies. Indeed, it just present into United States market.

Pandora can position itself to have a sustainable competitive advantage in the long the term compared to its competitors, and survive the crisis. Like Spotify, Pandora offers a free service and a subscription one and earn revenues through advertising, the only way to let free available the service while the *Pandora One* is offered at 4 \$ per month.

Spotify overcame Pandora when decided to push on the *radio* tool that in combination with the social aspect of the Swedish company, it has been harmful for the future of Pandora.

If Pandora stays in United States, Deezer, could be consider as the strongest European competitor of Spotify: a global streaming service launched in France a couple of years before the Swedish platform.

Today, the company offers unlimited access to a catalogue of almost 43 million tracks⁵⁸ (2017) with a brilliant sound on any device that engages more than 26 million music fans around the world and 6 million of subscribers.

In five years Deezer concluded agreements with the four major labels and manage author's rights all over the world, thus affirming its presence in all the continents.

Due to a strict tie with labels and independent artists, Deezer improved its strategy launching its subscription offerings Deezer Premium + (€9,99) and Deezer Family (€14,99).

The French music company can be defined as the most important competitor of Spotify because it owns the same characteristics. Moreover, Deezer has more tracks and it been more focused on the European market.

Despite these considerations, Spotify has had the faster expansion in terms of countries and advertising that makes it as the most used streaming music service in the world.

⁵⁸ <https://www.deezer.com/it/features>

The other biggest musical digital platforms are leader in multifunctional services, thus, possible aggressive competitors because of their immense value: Google and Apple.

Apple Music is the confirmation that streaming is the future of the phonographic industry, indeed after the launch of the iTunes music service where users should pay for each singular song, it decided to acquire Beats, Music & electronics to expand its installed base. The Cupertino company made the most expensive acquisition for the company, by acquiring both the music platform that the manufacturer of the popular headphones, speakers and audio software. Tim Cook, CEO of Apple remarks the ability of combining both culture and technology to create something truly unique, indeed was the only actor in the music field that disrupt in the early 2000s with the breakthrough development of iPod. However, the downsides related to the purchasing of the music to upload on the mp3 device were cause for the increasing of piracy and the music reproducer became obsolete. The historic acquisition of a popular music brand (Beats) let the Apple be a secure protagonist in the future of music with a wider offer that comprehends music store for downloads, the iTunes store, a very efficient radio, iTunes radio, a new streaming platform at the cutting edge. Apple music could be consistently considered the most important competitor that provides a music streaming service subscription that focuses on a customisable music platform through a unique blend of digital innovation. The cons of the Cupertino music service are always related to its availability, only on Apple devices and its offer that is uniquely for paid users.

The other multinational actor of the music field is Google. Google Play Music All Access is a streaming service radio and playlists that supports the Google music Store. Despite its modest repertoire (about 20 million songs), it allows to the subscribers of the contract unlimited music at less price in comparison with competitors and more importantly the ability to store up a maximum of songs on the cloud to be listened on different devices.

The truly great fortune of this the platform is given by Google that makes the most visible sponsor, otherwise it could be difficult to survive with other aggressive competitors.

It is remarkable that Google and Apple, despite their billionaire success in all fields, are yet far from the success of Spotify. However, their power is related to smartphones: when both of companies will develop a closed ecosystem for users that concerns exclusively Apple or Google, that would be a remarkable attack on Spotify with the purpose of catching and reaching more users than the Swedish *unicorn*.

4.2.5 Spotify: SWOT Analysis

Spotify has been the main actor of the music revolution. It has been able to grow and rejuvenate the music industry by producing its core strengths that gravitate around the new industry standard created. The company has been always transparent with its stakeholders, it is clear the model of royalties and the aid the platform gives to artists to make them known. They have an entire section dedicated to the artist, complete with details on how royalties are paid, how to promote their pages to directly link the artist and the listener, plus they can build on their own playlists and sell their merchandise.

As we analysed a key factor determining the major strength of the Stockholm start-up is the easiness of use. Customised playlists, a clear interface, more than 30 million songs available, are features useful to target their customers. As well as the differentiation of the offer among free and premium service, the consumer can decide what is the best solution concerning his utilise.

Moreover, the fact that the company born in Stockholm accelerated the process of integration within the cluster of companies involved in the district. Indeed, the founders can take advantage of the liveable environment of the city to tighten partnerships and expand their network. Finally, the social aspect is fundamental to create a community that loves listening millions and millions of songs.

Unluckily, Spotify's strengths lead to bear some weaknesses. Starting from the free service, where users may feel annoyed by repetitive commercials, and considering that other companies can exploit this vulnerability to develop a platform with less or no advertising. Furthermore, probably the most difficult problem relies on large royalty monthly pay-outs that does not allow to reduce the weight of commercials.

The artists' payout is another remarkable fragility of the company. Despite the transparency and the brightness, as we analysed previously, the artist is under commercial agreement with the label, thus Spotify agree with the label's contract's conditions.

Habitually, the streaming industry has been seen in a negative light by artists while in the recent past if a listener wanted a song, they would have to pay to download it.

While the positive aspect of streaming should be also seen as a fight to piracy, when the download was regular it was a precise number that the artist received that showed how many people purchased their song.

With Spotify and other streaming services, the songs are listened to substantially more, but the single payment per song listened to is much smaller, and many of the artists, in general, are against this new trend in listening to music.

For the very next future Spotify has many challenges to face with.

Presently, Spotify is available in more than 60 countries world-wide and the pace of growing is incredibly fast, also considering the unceasing increase in terms of customers. With efforts on the brand awareness, users would become more loyal to Spotify that the idea of paying would not be an issue. The more Spotify will tighten partnerships to become more known the more the user will be loyal and might be tempted to switch to premium. Through the webpage Spotify for Artists⁵⁹, the Swedish company is improving the relationship with talents; the objective of the page is to let talents feel closer to Spotify with the aim of tracking their audience, creating their personal space on the platform, measuring their growth.

The role of the artists should be more aided; they are the main actors and a direct approach that reduce the space between the creator and the listener is needed. Becoming more artist-focused, means sharing artists interests and opinions; for instance, lately Spotify is improving demographical and geographical data, useful information used for marketing and touring purposes. It is necessary to share the experience, in other words, the platform needs to continue working with labels and distributors to gain access to even more content, specifically from genres that are less mainstream.

Either way, Spotify should pay attention on several threats in an extremely fast environment. Piracy remains the first dangerous menace, but the whole royalties' system can be counter-productive. Indeed, if Spotify does not make enough money through ads or monthly fees it may lose money, considering a stable grow of customers. If the Swedish company were not able to reach the breakeven through stronger partnerships and more loyalty customers, it might not be able to support its music database and it may not be able to provide its customers with the services they have come to expect. It is obvious that competitors are a threat for Spotify, especially the more innovative and digital ones as Apple or the new entrant Amazon Prime Music service.

⁵⁹ <https://artists.spotify.com/>

STRENGTHS

- Streaming platform that changes the way the music feel
- Easy-to-use Interface
- 30 Mln songs catalogue
- Relationship with labels and artists
- Present in 60 Countries
- Social Interactions
- Development of a strong community
- Strong partnerships

WEAKNESSES

- Commercials too much frequent on free platform
- 70% of royalty impacts on revenues
- Alienation of artists
- Payout for each song of artist is too small

OPPORTUNITIES

- Expansion of network
- Closeness to the taste of customers
- Increase brand loyalty
- Elimination of piracy
- Improvement of algorithms for better customisation of music
- Special offers for subscriptions

THREATS

- Piracy still a threat
- Royalties reduce the revenues
- Needing of more subscribers to reach the breakeven
- Competitors: Apple Beats especially

Figure 18. SWOT analysis of Spotify. Personal reproduction

4.2.6 Stockholm's influence over the Spotify development: a creative class approach

Stockholm is a harbour for production companies, thanks to high competence and recognized tech levels, which attract more and more music based companies.

Spotify is a brilliant example of how cities' background has encouraged creative companies' development and has allowed digital music streaming to spread, with revenues up to 60.4% over the global music revenues. With more than 100 million users of subscribers, streaming has passed a crucial milestone. It makes up most of digital revenue, which, in turn, now accounts for 50% of total recorded music revenues.⁶⁰

Spotify has been the main actor to proof the dynamic of being as fast as the environment with a great ability in changing the listening habits of generations.

If we analysed the role of the creative class of Florida in relation with the development of the Swedish company, we could argue that amongst the 3T's, the most relevant element is technology; despite this, talent and tolerance should be considered. When we investigate the links between a creative city and a creative entrepreneurship, it is necessary to understand what have been the drivers that have allowed the progression of creativity.

In the digital company's case, it should be remarkable the role of technology advancements as crucial element for the improvement of innovative companies.

The technological prerequisites offered by the Stockholm cluster at the birth of the industry and still today with investments made by the municipality on broadcasts and connections, have been fundamental elements of success.

The city of Stockholm is a hub of innovation: firstly, it is important to know that a population involved in a small geographic area is a prompt for networking.

The network architecture, based on network structure and relations, market and management characteristics might be considered as a unique in comparison with other cultural and creative capital cities. In fact, it enables all participating actors to adapt to the new situation the industry faced faster and all together.

The social role of Spotify deserves a mention. Indeed, the company nowadays has developed an international fame that let it involve in public affairs.

Lately, Spotify in the name of economic interest and of better relationships between the government and the company suggest capitalising more on foreigners' investments.

⁶⁰ Global music report 2017: annual state of industry

Specifically, the Stockholm music firm has supported the idea of hiring expert of technology migrants. Here, once again we find out an extension of the concept of Florida's creative class that, even if is not applicated to a specific city, has its role.

Spotify criticised the government's role in relation with its international position; there have been many cases where the music streaming platform has suffered losses due to weak contract relationships, especially concerning the IT field side of the firm. Moreover, bureaucratic rigidities have exacerbated the immigration's rules. Thus, Spotify due to its institutional role would like to hire foreign engineers and invest in innovation by mixing several cultures. Nonetheless, as we mentioned above, Sweden is well known for providing assistance to poor countries but even more it leads in the digitization and global competitiveness of export and industrial excellence.

We underlined many times the direct relationship between the development of entrepreneurship in a territory and policies that prompt positive dynamics.

Spotify, as one of the most important companies born in the Stockholm music cluster makes no exception. Going further, Martin Lorentzon, founder of Spotify, has moved in person with the government, gaining the right attention about a socio-economical issue. Developing a tolerant society, Sweden still maintains the highest average of migrants in Europe and that is of a crucial importance in an internationalised innovation progression.

Stockholm region has been the major *milieu* for knowledge development, innovations and intellectual creativity in Sweden. This was made possible by hosting more of diversity and multicultural people than other regions. This has allowed to be considered as an attractor for ambitious talented people in creative, economic and cultural life that in the years, exploiting the market trends as Spotify, have developed novelty and innovative solutions.

Moreover, a major peculiar feature of the Stockholm region is based on interaction with international import flows into the region. Since English language is spoken almost as well as Swedish, the *milieu* is open to the world as a fundamental actor; Spotify made its biggest success in the first years due to the openness to United States market, by the anticipating capacity of its founders that understood how easy was to penetrate the Swedish market, thus decided to go straightforward to the biggest market in the world.

It should be considered also the market's size. Spotify gained a huge success because of the small dimension of the Swedish market but this consideration might be analysed under two dimensions. If from one side the market's size seems to ease for the development of the Swedish company, from the other side the proximity of the market dimension is a driver for stakeholders.

If record labels, rights organizations, artists and concerts worked more closely together, Spotify would be even more efficient in terms of growth. The Stockholm region owns the largest arenas for concerts, guests the biggest international labels, is the headquarter of the most innovative music start-ups; side-by-side we can say that Stockholm as a creative city is the present and the future of the music.

However, it is also important to consider the role of tolerance considering the Swedish consumers; they are considered emancipated, open-minded and fast-adopting and their role is relevant in the transformation of the Swedish music industry. They abandoned the previous technology and, in accordance with Spotify, reduced the piracy. The music consumption has played a crucial role: Spotify has been able to change the listening's habits to music.

Recalling Florida, talent is related to the educational system's development. In the case of Stockholm, we have already seen how important is the role of universities and municipalities for the music's learning. From municipal schools forward, the educational approach to music in Sweden starts from the roots. The education is well developed as well as focused program that along the years have allowed to Swedish people to refine their music taste that has helped the development of a wide fragmented music industry all over the territory.

Reminding once again Florida, it can be arguable that the approach to creative class can be well implemented within the society from the very roots. Swedes not only allow the attendance to classes from primary level to high school, but they also have improved a specific Music and Production educational program that covers a consistent part of the regional development of present and next creative industries.

To conclude, we can say that the very success of Spotify and Swedish music's companies relies on the role of the spread of technology, especially the changes in the music field with the digitalization. Anyhow, the music market needed to be rejuvenated and Spotify could exploit both the technology progress in the Swedish country and the network structure: the proximity of the stakeholders has been a great impulse for the success, indeed, the network of actors in Sweden is believed to be the most important asset in the change.

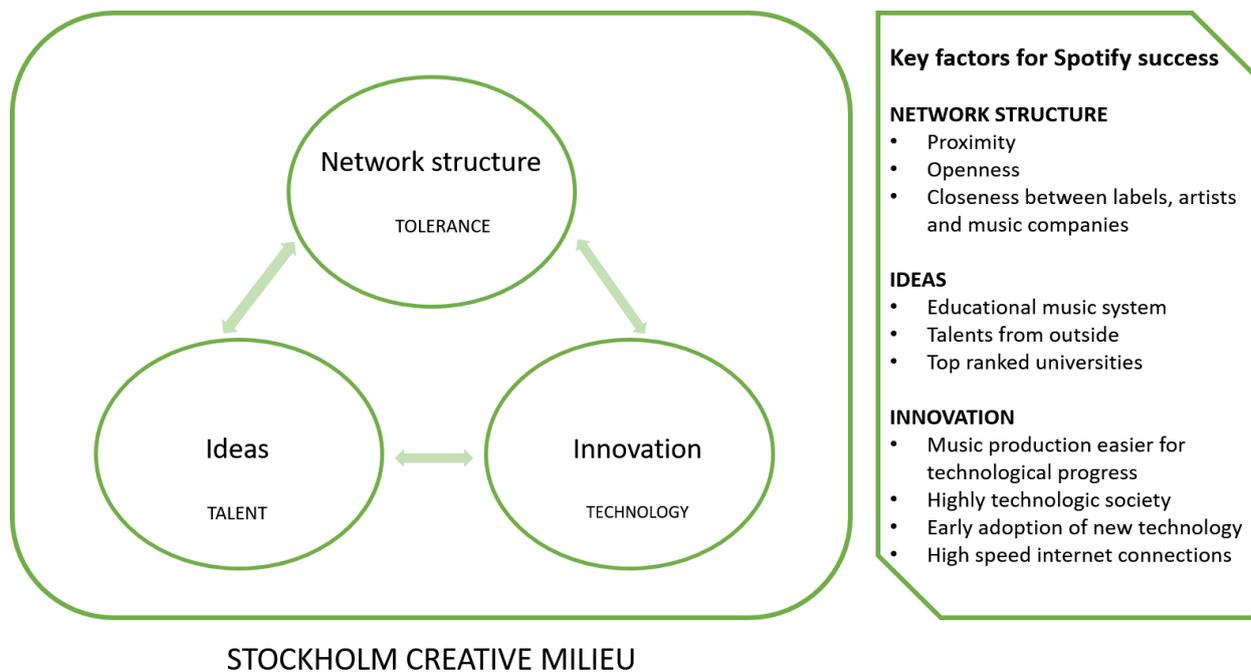


Figure 19. Parallelism between the 3 key factors for Spotify success and Creative class.
Personal adaptation

In the figure above, we try to make a parallelism between the Spotify key factors and the approach of the creative class of Florida. We discussed the importance to develop ideas and improving the educational system in relation with innovative companies' growth. Ideas work in parallel with a technological environment where they can be expressed and realised in a collaboration with companies and government policies that aid them. Of course, a society that support innovations is necessary to speed up the new processes and accept them. This works for Spotify because the Swedish society have had enough of piracy and low-quality music and the company has been well accepted. Furthermore, the easy-to-use platform has allowed the company to expand worldwide. The last functional element that has absolutely permitted the birth of Spotify is the network structure; indeed, the proximity of music companies within the Stockholm music cluster has accelerated the process. Moreover, Stockholm is an open city that has enlarged its borders and accepted more cultures and the closeness of its population embraced by a liveable environment rich of culture mixed with innovative companies has been a crucial factor for the Swedish music platform.

Remarkable findings

The purpose of research is to analyse the factors which might determine the economic growth of a geographical area focusing on the creative city case.

The research seeks to elucidate the creativity concept based on new needs of a global economy that is increasingly oriented toward the experience. In a world where the information running speed is a cornerstone in the industry development, the Fordism's production method has been gradually disappearing. Globalization has led to a reconsideration of the production itself where rather than in external contexts (outsourcing) today reports the need to upgrade the territory intended as a source of *competitive advantage* (Florida).

The local economy rise has led to a whole new consideration in the wealth generation.

Formerly the creativity concept had been investigated starting with the creative companies' impact on global frameworks, in order to determine the influence on global GDP.

The analysis hence emphasised on the factors which identify the entrepreneurial drive of businesses based on creativity. Therefore, the research has led to a better understanding of local economies, starting from a global point of view.

Workers category related to territories which bring together different proponents of the creative class is made of people that will be the proponents of the new creative business development. More specifically, the city, accordingly to Florida, is progressively assuming the contours of a breeding ground in which the exchange of information, networking, sharing of ideas, and agglomeration have been attracting business investments, technological innovations and disruptive companies.

Cities are cultural and dynamic dimensions, sensitive to changes. Thus, the link between the creative class, or creative workers, and the potential development of the urban centre is directly considered. Despite the Florida's theory represents the hearth of the whole research, its applicability needs to be discussed. According with most scholars (Peck, Pratt, etc...) there is not clear evidence of a direct relationship.

Economically speaking, there is no such clear relation between creative cities and economic development. As a matter of fact, Florida finds positive feedbacks in small realities of the United States where the application of his elements (the 3T's) might be more easily configurable in comparison with the very metropolitan cities.

Furthermore, the naïve way to categorise the creative class does not correspond to the reality: the socio-economic structure of any society has been constituted for a long time by

occupational inequality in terms of income, wealth, and creative expression; to move towards a new creative society and leaving apart social problem would be inappropriate.

The Florida's work, furthermore, aimed at creating a pro-gentrification policy still not considering the inequality which might derives from his approach.

Among the criticism over Florida's work, Peck has been one of the most influential. He individuated deficiencies in the theory specifically related to policies likely to make a city more creative. One of the most relevant issue concerns the talent competition among creative cities related to mobility's effect.

Peck underlines how competition might bring focus on attractive neighbourhoods creating socioeconomic disparities (Peck, 2005). This action eventually would hit the city's aspect. Indeed, because of the gentrification approach, people who live out of the neighbourhood will remain isolated. Indeed, while creating appealing space stimulate diversity and creative mobility, eventual social inequalities would weaken this result itself.

Finally, planning policy's double nature. On one hand there is the right consideration at improving the creative class; on the other hand, policymakers might keep in mind the importance of urban milieu's authenticity. Thus, the city should not be denaturalised for developing a creative class policy.

Despite all the critics to Florida's model, the impulse of the development of local area is still important to consider. In our analysis, we try to examine the city of Stockholm in order to understand if it can be considered as creative. Indeed, Stockholm is one of the most innovative capital city in the world, home of innovative start-ups and clusters of industries.

In the Swedish capital case, the factors necessary to the economic development were firstly analysed through a cultural-environmental analysis then economic.

The stimulant context is the primary resource for attracting creative talents, considered to be the main actors of the milieu's economic development. Some common features among creative workers are: getting involved in a cultural context, being affected by the perception of the city, crucible of innovation.

In the Stockholm's case and Sweden in general, we analysed how to affect the low population density in developing networking; in fact, in the Scandinavian capital there is a cluster concentration related to cultural and creative businesses that are teeming with innovation and are placed in a global context. At the same time, the positive people attitude characterized by

openness and hospitality is definitely a determinant factor for the development of the Stockholm's *brand*.

The presence of clusters might be seen in parallel with the Florida's theory where a positive sharing environment, working with advanced technology, tolerant minds and talented workers play together to let the economy of the city grow.

In order to keep growing, Sweden should advocate several strategies for the very next future.

Formerly, according with the Swedish Innovation Strategy⁶¹ the country should maintain and make the most of its exclusive national and regional opportunities. Indeed, following our analysis Sweden's advanced development should attract innovative stakeholders at country and regional level. Consequently, developing collaborations between actors on different levels would reinforce the regional appeal, especially into clusters' context.

Furthermore, improvement on collaboration in the regional competence platforms, among universities and industry is one of the necessary objectives to support innovation.

Focusing on collaborative actors inside and outside Sweden, those relationships would be fundamental to export out the Europe and import major investments.

Unceasing efforts should be made about the development of opportunities for enlarge international strategies and attract investors; indeed, a sustainable urban development is being developed in many areas in Sweden as a primary resource.

In fact, supporting and reinforcing the sustainability mode of urban and regional realities would let the country grow intensively in the next years.

The technology-based cluster analysis we made is a brilliant example. The emphasis on the ICT companies related to the creative and cultural music industry has allowed us to find out the subtle threat with the cultural background focused on a cutting-edge educational system, an openness to the world's most innovative technologies together with a positive approach that foster the relationships and concretely overtake any kind of barriers.

Indeed, low-entry barriers and technological improvements have characterised the birth of Spotify, nowadays considered the most popular music platform in the world. The digital-based Swedish society has allowed an easy approach for the birth of music start-ups that attract foreign investors. Even if the creative music industries development might lead to the consideration of Stockholm as a creative city, there is no empirical evidence.

⁶¹ Regeringskansliet – Government Offices of Sweden

We can argue that Spotify is just the result of digital technologies and does not seem related to the Florida's theory. Even if, Florida's findings about the relatively high presence of the creative class in regions with high rankings on indicators of technology and tolerance, there is still a lack of demonstration due to the creative individuals' mobility.

Anyhow, we can outline how much influential has been the city of Stockholm for the expansion of the creative music cluster. The liveability of the city, the technology-based society, the multicultural background are elements which cannot be underestimated.

The emergence of the creativity debate is of crucial importance even though it needs to be analysed from diff point of view; it is necessary to consider it, despite culture and creativity are elements of which the economic impact would not be easily measurable.

Gaps of empirical correlation between creativity and economic outcomes does not mean that that even if the phenomenon is not valuable. This is the weakness of the whole theme analysed: we have seen the successful case of Stockholm but concretely even if we figured out some variables that might or might not affect the development of the cluster, the argument yet remains unquantifiable. The indexes' analysis does not evaluate quantitative variables but just qualitative ones. Moreover, following the Florida's theory and put it into a comparison with the real effects in a social context, we try to figure out the elements that affect the birth of a company in a reference context. Yet, we do not have a method nor empirical data but still we think that developing and boosting creativity is an important step for the economic growth. Then, the comprehension of the creative city's development conditions, of the actors involved, of the public governance support would be the further stages. Considering the city as magnets we can argue that the more there is a strong cultural background, the more the creative core would emerge; likewise, public innovative incentives would attract more investors, thus entrepreneurial efforts. To conclude the whole research, we can say that the presence or not of constant variables (cultural roots, high level education, technologic advanced, open-to-the-novelty society) might lead to a concrete economic city's growth.

"Creativity cannot be really regulated, but it can be encouraged. The redevelopment or revitalization of a city is an art. It depends on the individual strengths of a place and the will of the leadership to bring about change. The goal is to establish a cultural infrastructure".

C. Landry (2004)

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