

# 2012

## The Cultural and Creative Industries in Baden-Württemberg



Simona Pede

MFG Baden-Württemberg

16.10.2012

## SHORT SUMMARY ON CREATIVE INDUSTRIES IN BADEN-WÜRTTEMBERG

### Table of content

1. Short-Description of Baden-Württemberg (e.g. economic structure, inhabitants...)	2
2. Overview of Creative Industries in Baden-Württemberg	3
3. Regulations, Policies, Funding for Creative Industries (national, regional)	5
4. Needs of Baden-Württemberg in the field of creative industries	7
5. Positive Support Measures (Good Practices)	8
References	10

## 1. Short-Description of Baden-Württemberg (e.g. economic structure, inhabitants...)

Located in the South-West of Germany and with an overall population of 10.7 million inhabitants, Baden-Württemberg is Europe wide recognized for the strong innovation capacity.

Particularly strong are the automotive industry and the engineering branch. Well-known enterprises as Daimler AG, Porsche, Robert Bosch GmbH and SAP AG are located in the region. Despite the presence of big companies, Baden-Württemberg's economy is mainly dominated by small and medium-sized enterprises.

Being traditionally known for the above mentioned industries, the ICT and Creative Industries sectors have in the last years become the third strongest field in the region.<sup>1</sup>

Overall in Germany creative industries are mostly represented by small enterprises. Big companies represents just the 0,3% but alone they are responsible for the 63% of the overall industry turnover. Cultural and Creative Industries in Germany have become an important sector with strong cross-sectorial potential offering services to many other branches. The overall turnover of the CCI in the whole country is comparable to the ones of strong industry as automotive and ICT. In 2010 it amounted to 134 billion Euro, counting 240.000 companies for a total of 960.000 people employed in this field.<sup>2</sup> As in many European countries, creative industries in the Federal Republic are characterized by a high number of freelance, unstable employment contracts and low incomes.<sup>3</sup>

In Baden-Württemberg several branches of the Creative Industries are represented, for an overall of 29.000 companies with 210.000 employees and an overall turnover of more than 20 million Euros.<sup>4</sup>

Baden-Württemberg is particularly strong in three branches: "software/games", "architecture, design and visual arts" and "writing, publishing and print media".

Furthermore, there is a particular specialisation in visualisation and animation technologies which are applied not only within the creative industries but also in manufacturing.<sup>5</sup>

Particularly interesting in the region is the application of ICT technologies to the creative fields. Relying on its strength in IT, Baden-Württemberg has still undisclosed capacity in the cross-sectorial collaborations among technology and creative branches. It is likely that the fusion of these two sectors will represents one of the strength of the region in the near future.

---

<sup>1</sup> Nadia Zaboura, Martina Groeschel, Philipp Oswald, *Creative Regions: Regional Analysis on Future Trends for Digital Creative Industries in Baden-Wuerttemberg / Germany*, MFG Baden-Württemberg mbH, 2009, page 11

<sup>2</sup> BMWi / BKM, *Initiative Kultur- und Kreativwirtschaft der Bundesregierung - Status und Handlungsfelder* -, 23 August 2012

<sup>3</sup> Martin Engstler, Johannes Lämmerhirt, Holger Nohr, *Trendbarometer Kreativwirtschaft Baden-Württemberg 2012*, Hochschule der Medien Stuttgart, 2012, page 5

<sup>4</sup> Martin Engstler, Johannes Lämmerhirt, Holger Nohr, *Trendbarometer Kreativwirtschaft Baden-Württemberg 2012*, Hochschule der Medien Stuttgart, 2012, page 1

<sup>5</sup> Nadia Zaboura, Martina Groeschel, Philipp Oswald, *Creative Regions: Regional Analysis on Future Trends for Digital Creative Industries in Baden-Wuerttemberg / Germany*, MFG Baden-Württemberg mbH, 2009, page 10

## 2. Overview of Creative Industries in Baden-Württemberg

As previously underlined Baden-Württemberg is on a German level an important location for Cultural and Creative Industries. In 2008 the people employed in the field were 210.000.

The landscape is predominated by small enterprises, which often employed freelance. This is because the use of freelance offers to creative companies a high flexibility: small companies often work on different projects and the number of people they employ is therefore strongly connected to the extent of the project itself. Employing freelance offers companies the great advantage of having a flexible workforce which exactly correspond to the amount of work, without the fixed costs connected to traditional contracts.

Following the results of a research conduct in 2012<sup>6</sup>, it is possible to identify the strongest fields in terms of turnover and people employed.

According to these data the industry connected to Publishing, Newspaper and Books is on the first place with an overall turnover of 6,4 billion Euro and 29.200 people employed.

This is followed by the Software and Games industry which alone generate 5,8 billion Euro of turnover and employed 68.600 people. This latter field can be for sure considered one of the most innovative and promising for the future of the creative industry in Baden-Württemberg.

Finally, Design, Architecture and Arts occupy the third place in the region (3,7 billion Euro; 36.900 employees), narrowly followed by advertising (3,4 billion Euro, 18.400 employees).

Already a study conducted in 2009 had identified some fields of excellence in Baden-Württemberg, which offer a solid basis for the further development of the creative industry in the region.<sup>7</sup>

First of all Baden-Württemberg has a very rich research and educational landscape, particularly strong in the field of IT, media, communication and design. Several universities offered tailored courses in these fields:

Among them are the HdM Hochschule der Medien (Stuttgart) – well-known as the largest media university in Europe and providing new professional courses such as “mobile media” – and universities specialised in software engineering (Heilbronn), visual design (Schwaebisch Gmuend, Pforzheim), media information technology (Furtwangen), computer graphics and human computer interaction (Konstanz) as well as computer science (Karlsruhe). Additionally, the Filmakademie (Baden-Wuerttemberg Film Academy) with its Institute of Animation, Visual Effects and Digital Postproduction and also the Popakademie (Mannheim) have a very high reputation and enjoy a huge renown in the Creative Industries and ICT in Germany and beyond.<sup>8</sup>

---

<sup>6</sup> Martin Engstler, Johannes Lämmerhirt, Holger Nohr, *Trendbarometer Kreativwirtschaft Baden-Württemberg 2012*, Hochschule der Medien Stuttgart, 2012, from page 6

<sup>7</sup> Nadia Zaboura, Martina Groeschel, Philipp Oswald, *Creative Regions: Regional Analysis on Future Trends for Digital Creative Industries in Baden-Wuerttemberg / Germany*, MFG Baden-Württemberg mbH, 2009, from page 11

<sup>8</sup> Nadia Zaboura, Martina Groeschel, Philipp Oswald, *Creative Regions: Regional Analysis on Future Trends for Digital Creative Industries in Baden-Wuerttemberg / Germany*, MFG Baden-Württemberg mbH, 2009, page 11

This solid background of university of applied science offers a stable ground for the further development of an emerging sector that will be here named as “**Visual experience**” which comprehend different branches as: **Simulation, Interactive Design, 3D Animation, Virtual Worlds** and **Games**. In the field of simulation and interactive design promising intersection can be noticed in the appliance of simulation technology and design to the traditional manufacturing sector. Being Baden-Württemberg a strong location for automotive, the creative ideas and technology arising from these branches are often and often used to develop new services and marketing concepts for the manufacturing sector. Some good practices in this sense can already be identified:

A very appreciable example of an enterprise offering such creative services with respect to ICT is Stuttgart based company Jangled Nerves, which focuses on media space design. Their multimedia exhibitions contain the full creative range, from architecture, graphics, film, print and text to illustrations, interactive services, computer animations and tangible, mutable objects. Standing for several ICT enterprises in this field of competence the employees yield a broad interdisciplinary diversity. With this innovative business strategy and workforce the enterprise won numerous pitches and projects, for example the realisation of a media installation at world famous Porsche-Museum or the touring exhibition “Bionic Car” by car manufacturer Mercedes Benz. The latter has been awarded with the prestigious red dot award.<sup>9</sup>

In the field of **3D Animation**, Baden-Württemberg can boast some excellence as well in the research and education as in the industry. The highlight is the Filmakademie Baden-Württemberg<sup>10</sup> (Film Academy), founded in 1991 and today already one of the most renowned international film schools. With more than 300 highly qualified experts from the film and media business, the Filmakademie offers project-oriented curriculum which covers all different stages of a film and television production. The Filmakademie Baden-Württemberg established its own Institute of Animation, Visual Effects and Digital Postproduction<sup>11</sup>, which offers specific opportunity for specialization in the following area: the production of animated short films, the creation of visual effects, the development of realtime animation, the conception of character-based animation formats, and the qualification as a technical director.

A valuable support in terms of funding and consulting is offered from the MFG Film Funding that supports film productions for both cinema and television. The MFG Film Funding offers funding from scriptwriting to production and digital content.

Furthermore several enterprises in the region run foresight research in the 3D field. A good practice in this regard is the company MACKEVISION, which is worldwide leading in the sector of 3D visualisation, animation, visual effects and postproduction for agencies, film production companies and customers coming from the industrial sector.<sup>12</sup>

The **Games** industry in Baden-Württemberg can also be considered a promising sector. Some major players have their seat in the region; particularly the city of Karlsruhe is becoming an important games location. Here have their headquarters companies as Gameforge (650 employees) and

---

<sup>9</sup> Nadia Zaboura, Martina Groeschel, Philipp Oswald, *Creative Regions: Regional Analysis on Future Trends for Digital Creative Industries in Baden-Wuerttemberg / Germany*, MFG Baden-Württemberg mbH, 2009, page 12

<sup>10</sup> <http://www.filmakademie.de/>

<sup>11</sup> <http://www.animationsinstitut.de/home.html>

<sup>12</sup> Nadia Zaboura, Martina Groeschel, Philipp Oswald, *Creative Regions: Regional Analysis on Future Trends for Digital Creative Industries in Baden-Wuerttemberg / Germany*, MFG Baden-Württemberg mbH, 2009, page 12

Flaregames, a start-up which in a short time has managed to acquire 8 Million Euros of venture capital.<sup>13</sup>

Also on the research and education side the region already offers different opportunities for people willing to work in the games industry. At least 5 degree courses in Baden-Württemberg are connected to the games topic. Among them, the University Hohenheim has built up a GameLab, which research the field of computer and videogames.

The University Hohenheim offers also a bachelor degree in “Interactive Media and Online Communication” which provides input on games related subjects. Some private university as the the SRH Heidelberg and the macromedia hochschule für medien und kommunikation in Stuttgart offer a specific degree on games topics.<sup>14</sup>

In the last years, the GEElab of the RMIT University of Melbourne (Australia) was established in Karlsruhe. The GEElab researches how game design thinking can positively affect and alter architecture and urbanism, mobility, popular media, storytelling, engagement, and other sciences, as well as society itself.<sup>15</sup>

### 3. Regulations, Policies, Funding for Creative Industries (national, regional)

Some funding programs for Creative Industries are already available in Baden-Württemberg. A recent study of the industry conducted in 2012<sup>16</sup> in the region has anyway showed that just the 10% of the people interviewed are aware of the existence of such funding.

It is possible to distinguish among three different type of support:

1. **Support to innovation**
2. **Business start-up**
3. **Support to projects**

To the first category belongs initiative as the following, which are not just meant for creative industry but that are anyway accessible also for them:

- a. *Innovation Voucher* provided by the Ministry of Finance and Economy<sup>17</sup>. Small and medium enterprises which satisfy some given requirements can apply for the innovation voucher. The voucher provides financial support for the planning, development and implementation of products or services or for the improvement of their quality.
- a. The program „Junge Innovatoren“ (Young Innovators) offered by the Ministry of Science, Research and Arts of Baden-Württemberg support young people coming from university or research institutes willing to start their own business.<sup>18</sup>

In the second category there are on the German level some national programs which are worth mentioning as the Exist-Gründerstipendium (BMBF) or High-Tech Gründerfonds HTGF<sup>19</sup> (Venture

---

<sup>13</sup> Boo-Games Regional Analysis of the Games Industry in Baden-Württemberg, 2012, page 9

<sup>14</sup> Boo-Games Regional Analysis of the Games Industry in Baden-Württemberg, 2012, page 53

<sup>15</sup> Boo-Games Regional Analysis of the Games Industry in Baden-Württemberg, 2012, page 31

<sup>16</sup> Martin Engstler, Johannes Lämmerhirt, Holger Nohr, *Trendbarometer Kreativwirtschaft Baden-Württemberg 2012*, Hochschule der Medien Stuttgart, 2012

<sup>17</sup> <https://www.innovationsgutscheine.de/>

<sup>18</sup> [mwk.baden-wuerttemberg.de/hochschulen/foerderung-von-wissenschaftlerinnen-und-wissenschaftlern/junge-innovatoren-existenzgruendung/](http://mwk.baden-wuerttemberg.de/hochschulen/foerderung-von-wissenschaftlerinnen-und-wissenschaftlern/junge-innovatoren-existenzgruendung/)

<sup>19</sup> <http://www.en.high-tech-gruenderfonds.de/>

Capital in technology oriented companies) that through public funding or venture capital are supporting the setting up of new businesses.

Finally in the last category it is possible to identify kind of financial support for activities which are mostly project related, as for instance the development of a product, a work of art or a service.

On the crossroad of these three categories there are some of the initiatives of the MFG Innovation Agency for ICT and Media. MFG has in fact some instruments in place to support the IT- and media sector as well as the creative industries. Here are mentioned some of the activities in support of the sector:

The **Karl Steinbuch Scholarship**<sup>20</sup> supports selected students in the implementation of innovative projects with IT or media relation that have a scientific or artistic value. Especially in demand are interdisciplinary projects that link the two cross-cutting areas computer science and media studies with other subject areas. The duration of the scholarship is 12 months, the aid ceiling of 10,000 € per project.

With the **Digital Content Funding (DCF)** MFG Film Fund and MFG Innovation Agency for ICT and Media support the development and production of interactive media applications, such as digital games, mobile applications and interactive products on various platforms. Eligible for grants are especially projects which are innovative, culturally valuable, scalable and offer market potential. In total 500.000 € per annum is provided for this development programme.

The Digital Content Funding (DCF) supports entrepreneurs and freelancers regarding their realisation of interactive media projects. The aim is to support momentum of the innovation potential and economic factor linked to the digital creative industries explicitly including the game industry. The aim is to increase value creation and commercialisation by purposeful funding (concept, prototyping, production, distribution) creating incentives for further investors to engage in interactive media projects and enabling entrepreneurs to develop their ideas ready for the market.

Together with the Baden-Württemberg: Connected e.V., or bwcon for short, the top business initiative promoting Baden-Württemberg as a high-tech location and the L-Bank – the State Bank of Baden-Württemberg, MFG is promoting Consultation Day for (potential) founders and start-ups of the creative industries. Within this initiative creative entrepreneurs can receive consultancy on the following topics: Funding opportunities, business plan, procedure for the start-up of companies and professional development opportunities.

Finally, within the film industry the MFG Film Funding offers financial support for the development and production (e.g. scriptwriting, pre-production, incentive funding, production as well as rental and distribution) of quality films in Baden-Wuerttemberg.

According to study on creative industries run in 2012<sup>21</sup> in Baden-Württemberg, often young professionals and companies have some resistances in the use of support instruments. This is mainly due to the complicated procedure to apply for such programs and the high bureaucracy they imply which does not take account of the real resources of small enterprises. Also, often people do not have enough trust in the selection procedure or they report a lack of transparency. Finally it is often diffused the idea that subventions distort the market.

---

<sup>20</sup> <http://www.karl-steinbuch-stipendium.de>

<sup>21</sup> Martin Engstler, Johannes Lämmerhirt, Holger Nohr, *Trendbarometer Kreativwirtschaft Baden-Württemberg 2012*, Hochschule der Medien Stuttgart, 2012, page 53

#### 4. Needs of Baden-Württemberg in the field of creative industries

There are some challenges within the creative industries in Baden-Württemberg which still need to be addressed. In particular, the study conducted in the region in 2012<sup>22</sup> show that creative companies are experiencing increasing difficulties in the acquisition of clients, this is made more difficult by the high competition on the market which on turn influence the prices of products and makes more competitive those companies which are able to innovate. In that sense companies should be able to clearly communicate the characteristics that make them different, almost unique on the market. In that respect young creative or start-ups which make their first steps on the market, mostly become a further source of competition since they often offer very competitive prices in order to acquire new clients or because of an underestimation of the costs that are really connected to development of a product. Furthermore already established companies have difficulties in the acquisition of talented workforce and for this reason they should try to cooperate with younger companies.

In general, it is likely that the skill shortage could represent a problem for the future growth of creative companies. It is still to be identified which are the reasons which cause it. Possibly jobs within the creative industries are mostly not so attractive because of salary restrictions and type of contracts which are offered. Furthermore it needs to be investigated of the educational offer in the region is enough to prepare skilled workforce for the industry.

Also clients' requests have become more and more complex and often need to be developed on different media. That also required augmented capacity within companies to keep up with technologies changes and last trends of the industry and have skilled workforce able to work and develop products for the new media.

As in many other fields, financing still represents a problem for many creative companies. Most of the time enterprises of these sector have different needs and structure if compare to other industries and need therefore specific financing instruments which are tailored on their characteristics. On the other hand, banks are not always ready to give money to creative companies because of the less stable business models. In that sense, some steps in Baden-Württemberg have already be made with the offer of specific venture capital funds for creative industries and the offer of consultancy on financial instruments and start-ups building from some banks and institutions of the region.

To keep on being innovative, companies need to work also together with educational and research institutions as universities. These latter are indeed perceived as important innovation partner.

According to the respondents to the survey<sup>23</sup> run in 2012 in Baden-Württemberg, creative companies see possible solutions to these challenges in the stronger national and international networking and cooperation. Almost of one third believes that products and services will be more and more

---

<sup>22</sup> Martin Engstler, Johannes Lämmerhirt, Holger Nohr, *Trendbarometer Kreativwirtschaft Baden-Württemberg 2012*, Hochschule der Medien Stuttgart, 2012

<sup>23</sup> Martin Engstler, Johannes Lämmerhirt, Holger Nohr, *Trendbarometer Kreativwirtschaft Baden-Württemberg 2012*, Hochschule der Medien Stuttgart, 2012, page 47

developed within companies' cooperation. The landscape of the creative industries in Baden-Württemberg is already characterized by the presence of many regional clusters. Since collaboration among creative companies will become more and more important, it is likely that this kind of cooperation will cross the boundaries of creative industries itself and open up new possibility for cross-industry cooperation. In that respect creative solution could be successfully applied also in more traditional fields as already happen today.

## 5. Positive Support Measures (Good Practices)

There are already some positive support measures that have been implemented in Germany once the importance of the creative industries has been recognized. To sustain this field in 2008 the Federal Government has started the "Initiative Culture and Creative Industries"<sup>24</sup>, whose aim is to support the competitiveness of the cultural and creative industries and to exploit at its best the employment opportunities of the branches. In particular, the Initiative aims to<sup>25</sup>:

- Support and strengthen the foundation of companies in this field
- Connect companies and institutions already working in this area
- Internationalize the German cultural and creative industries in order to increase the export in this area.

Four fields of actions have been identified to this aim:

- Start up and growth of companies
- Connection of the branches
- Innovation
- Export

In each of these fields particular activities have been planned. Particularly successful was the institution of "Kompetenzzentrum" (Centres of Competence) as a platform for information, networking and consulting. The Kompetenzzentrum have 5 fields of actions:

- The establishment of the cultural and creative industries as an independent economic branch in the public view
- An improved access to funding opportunities
- The further development of qualification and professionalization offers
- The improvement of market opportunities for creative entrepreneurs and the access to the international market

The Kompetenzzentrum has been extended in 2010 with the institution of 8 regional offices which provide information and consulting on funding opportunities, qualification activities, R&D and legal consultancy.

---

<sup>24</sup> <http://www.kultur-kreativ-wirtschaft.de/KuK/Navigation/root.html>

<sup>25</sup> BMWi / BKM, *Initiative Kultur- und Kreativwirtschaft der Bundesregierung - Status und Handlungsfelder* -, 23 August 2012

In Baden-Württemberg a first attempt to bring together many of the actors working in the creative industries has been done with the constitution of the Creative Industries Network (Netzwerk Kreativwirtschaft). The idea behind the initiative is that innovations in the ICT and creative sectors frequently occur at the interfaces between different disciplines and user industries.

Aim of the Creative Industries Network Baden-Württemberg is to support and foster this kind of exchange. In the context of this initiative, MFG Baden-Württemberg and about 50 partners are networking the sub-sectors of Baden-Württemberg's cultural, creative and ICT industries systematically to strengthen the sector-specific and interdisciplinary dialogue. The network is funded by the Baden-Württemberg Ministry of Economic Affairs with resources from the European Regional Development Fund (ERDF).

The activities of the network are focus on:

- Information on financing options, start-up projects or sponsorship programmes
- matchmaking events between actors of different sectors

## References

BMWi / BKM, *Initiative Kultur- und Kreativwirtschaft der Bundesregierung - Status und Handlungsfelder* -, 23 August 2012

Boo-Games Regional Analysis of the Games Industry in Baden-Württemberg, 2012

Martin Engstler, Johannes Lämmerhirt, Holger Nohr, *Trendbarometer Kreativwirtschaft Baden-Württemberg 2012*, Hochschule der Medien Stuttgart, 2012

Nadia Zaboura, Martina Groeschel, Philipp Oswald, *Creative Regions: Regional Analysis on Future Trends for Digital Creative Industries in Baden-Wuerttemberg / Germany*, MFG Baden-Württemberg mbH, 2009

## Website

<http://www.animationsinstitut.de/home.html>

<http://www.en.high-tech-gruenderfonds.de/>

<http://www.filmakademie.de/>

<https://www.innovationsgutscheine.de/mwk.baden-wuerttemberg.de/hochschulen/foerderung-von-wissenschaftlerinnen-und-wissenschaftlern/junge-innovatoren-existenzgruendung/>

<http://www.karl-steinbuch-stipendium.de>

<http://www.kultur-kreativ-wirtschaft.de/KuK/Navigation/root.html>