



Unit 2:

Entrepreneurial Practice – Modelling a CCI enterprise

Theme 2.2.

Towards value: Economic, Market and Cultural valuation of products and services in the CCIs

Author(s):

**Marília Durão, Augusto
Neves, Sónia Nogueira,
Patrícia Remelgado, Sandra
Fernandes**

Institution(s):

**Universidade Portucalense,
Portugal**



Co-funded by the
Erasmus+ Programme
of the European Union

This material is a part of the training content for the syllabus “Management and Entrepreneurship in Cultural and Creative Industries” for BA and MA students in business and economics (B&E) containing 10 themes in total. It has been developed within the Erasmus+ Strategic Partnership “*FENICE - Fostering Entrepreneurship and Innovation in Cultural and Creative Industries through Interdisciplinary Education*”.

The training contents at a glance:

FENICE Program

Unit 1: Management and Entrepreneurship in CCI

Theme 1.1. Understanding CCI. Cross-Sectoral Collaborations.

Theme 1.2. Creativity and Innovation. Accountability and Ethical Behavior

Theme 1.3. Cultural Policies and Institutions. Intellectual Property

Theme 1.4. Entrepreneurial Mindset and Process.

Unit 2: Entrepreneurial Practice – Modelling a CCI Enterprise

Theme 2.1. Designing a business for the CCI: preparing a business plan and pitching business

Theme 2.2. Towards value: Economic, Market and Cultural valuation of products and services in the CCI.

Theme 2.3. Market, Competition, Consumption and Branding in CCI

Theme 2.4. Business models, systems, partnerships

Theme 2.5. Management: team and change management in the CCI

Theme 2.6. Financing. Opportunities and Risks

You can find more information at the homepage: <http://www.fenice-project.eu>

Declaration on Copyright:



This work is licensed under a Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License. You are free to:

- share — copy and redistribute the material in any medium or format
- adapt — remix, transform, and build upon the material

under the following terms:

- Attribution — You must give appropriate credit, provide a link to the license, and indicate if changes were made. You may do so in any reasonable manner, but not in any way that suggests the licensor endorses you or your use.
- NonCommercial — You may not use the material for commercial purposes.
- ShareAlike — If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original.

Content

Training description	1
Objectives of this training module	1
Target groups	1
Gained knowledge and skills after finishing this module	1
Training method	2
1 What is value creation in the CCI's?	5
2 How can we identify cultural and economic value of products and services in the CCI's?	7
2.1 Are there any differences between Cultural Industry and Creative Industry?	8
3 What about the consumers of products and services in the CCI's?	11

About the Module

Training description

The theme addresses the contemporary challenges of a value-oriented approach to the design of products and services in the CCIs. Theoretical fundamentals related to value creation are tackled and the specific contents of this theme contribute to a better understanding of differences between cultural value and economic value as socially constructed measures. In face of economic value, the market-based paradigm is explored, considering demand systems, pricing, and willingness-to-pay in the specific context of market behavior within the CCIs. From a business perspective, students are oriented towards a more efficient justification for product or service design or redesign, considering the supply and demand in the CCIs' marketplace.

Objectives of this training module

The goals for this module are:

- To build students' capacity in forming and working in cultural and creative teams; solidly anchored in economic realities and up-to-date cultural context
- To familiarize students with the main important aspects of self-employment in CCIs; such as personal promotion in the on-line environment, organising artistic events and artistic research;
- To prepare students for working in interdisciplinary CCI teams

Target groups

This module is designed for:

- It is designed for BA and MA students in business and economics (B&E) who want to manage creative teams within their careers.
- Students of interdisciplinary areas.

Gained knowledge and skills after finishing this module

After having become familiar with this training module, you will:

- Apply concepts related to CCIs, notably when analysing and assessing real-life cases
- Develop models for creative business ventures, including strategic planning for entrepreneurship initiatives, innovative methods for generating funds, stakeholder management and development of partnerships, governance structures of creative enterprises, etc.

- Interpret the key characteristics of the economy of the cultural and creative industries, the important challenges the industries face, such as technological, legal and economic, and the policies adopted to meet those challenges
- Discuss the innovation process in CCIs as an open, interactive, collaborative and interdisciplinary process as opposed to the traditional models of innovation in science

Training method

The course is based on the experiential learning model (ETL)¹ and the delivery of the training contents will follow the main stages, defined below. The instructors shall adapt the sequence and combination of the activities according to the specifics of the groups of learners:

Stage 1. Motivation (Why?)

- Motivational video stories from real practice
- Group or paired discussions
- Subjective quizzes followed by self- or peer-assessment
- Virtual field trips (observing activities)
- Simple group projects (feedback from instructor and peers)

Stage 2. Expertise (What?)

- (Video) lecture – models, factual information, theoretical background
- Reading (textbooks, magazines, articles, websites)
- Video demonstrations
- Independent research and application of theoretical models (simple quantitative or qualitative research questions)
- Objective tests (quizzes)

Stage 3. Coaching (How?)

- Case studies
- Problems for self-study
- Individual (written or oral) reports
- Reflective essays
- Problem solving virtual discussion boards

Stage 4. Evaluation (What if?)

- Subjective exams

¹ Kolb, David. (1984). *Experiential Learning: Experience as the Source of Learning and Development*.

- Short individual (or group) research projects
- Group or individual competition simulations (students run virtual business enterprise - analyzing particular market, and strategies for promotion, setting prices, identifying competitive advantages...)
- Student presentations of solutions to more challenging questions (providing an opportunity for learners to demonstrate own personal strengths and talents – incorporating music, arts, technical skills or expert knowledge...)
- Brainstorming, role-play, competitions, games

Training content

1 What is value creation in the CCIs?

According to the European Commission (Comissão Europeia, 2010) Cultural Industries deliver and convey merchandise or administrations that, at the time they are created, have a particular quality, utility or reason that encapsulates or passes on social expressions, in any case of their commercial esteem. In expansion to the conventional expressions' segments (performing expressions, visual expressions, social legacy, counting the open segment), these businesses incorporate cinema, DVD and video, tv and radio, video recreations, new media, music, books and the press. Assuming the double social and financial measurement of the social segment and confronted with the prohibitive definition of social exercises (related with the diverse shapes of conservation of memory in terms of legacy and cultivating imaginative creation and dispersal), the concepts "Inventive Businesses" and "Inventive Economy" rise (ADDICT & Agência Primus, 2012).

Within the understanding of the European Commission (Comissão Europeia, 2010), Creative Industries (CI) utilize culture as a production factor and have a social measurement, in spite of the fact that their outcomes are primarily utilitarian. They incorporate engineering and plan, which coordinated imaginative components in broader forms, as well as sub-sectors such as graphic design, fashion design or advertising.

At the same time, Creative Industries have brought almost a social alter, in that they have advanced a change of social values, basically due to two components:

1. The rise of the information society, and
2. The move from materialistic values to post-materialistic values.

With the development of the knowledge society, moreover called information society, modern regions and exciting areas are being created for citizens. This reality infers from the worldview move from an economy based on capital and work to one based on mental capital, where the person and the connections he or she builds up are given more noteworthy significance (Faustino, 2018).

One of the most interesting characteristics of the Creative Industries is that the generation and showcasing of an item is, in itself, more or less esteemed in accordance with the buyers wishes, needs and profile. Another characteristic related with the Creative Industries, of a more financial nature, alludes to the level of instability with respect to request or grip to the

item. For example, it's almost impossible to determine what will be the number people attending a music concert or a theater play (Faustino, 2018)

In a realist society the interface of citizens spun around the fulfillment of essential and rudimentary needs, such as financial well-being and social cohesion. In a post-materialist society, where essential needs are fulfilled, there's a more noteworthy request for administrations, since individuals are more curious about the fulfillment of needs based on the stylish, the mental, among others (Bendassolli et al., 2009). Given these variables, it is simple to legitimize the developing advancement of Creative Industries in a few nations as well as their significance in financial terms. (Faustino, 2018)

Keep in mind!

Considering this scenario, Bendassolli, et al (2009) highlight the presence of four primary components with respect to Creative Industries:

- Inventiveness/creativity is the central component (fundamental);
- Culture is dealt within the shape of social objects, which are characterized by the charge of socially shared implications they carry. Utility is perceived only when the service or product is consumed, and not by its physical or material properties;
- Creative Industries generate economic value through the creation of intellectual property;
- There is a convergence of arts, business and technology.

Please do exercise 1: Value Creation in the CCI

Tags for Unit 1: Value Creation

Value Creation, CCI

2 How can we identify cultural and economic value of products and services in the CCIs?

The valorization of mental property and its financial esteem is additionally related with Creative Industries. In this sense, Howkins (2001) establishes that the creative economy comprises activities that derive from people's creative energy and the abuse of their financial value. Thus, these activities can be related to:

1. Licenses/patents
2. Copyright and related rights
3. Trademark registration, and
4. Design.

In this context, exercises that result from person imagination, aptitude and abilities, which have the potential to make riches and work, and which contribute to the financial valuation of mental property, can be characterized as relevant portions of the creative industry (Hartley, 2005).

Simultaneously, financial specialists have paid small consideration to the part of culture in financial advancement, either in contextualizing the method of development within the creating world or in impacting more directly the financial results of developed nations. There's prove that these conventional paradigms are evolving.

Culture is central to improvement, giving the setting in which financial advance happens, conjointly the protest of improvement itself, when seen from the perspective of individual needs. Thus, Throsby (2001) establishes that cultural products have a double characteristic (within a physical market for works of art and a parallel market for ideas):

1. They have a symbolic value, and
2. They have an economic value.

Keep in mind!

In cultural products, the physical market determines the economic value; and the market of ideas determines their cultural value.

On the other hand, there is an overlapping of intellectual or artistic motivations in detriment of the interest or material return resulting from a given creation (Throsby, 1994). The craftsman/craftswoman looks for to amplify the time he/she commits to his/hers aesthetic work, in spite of the truth that this work isn't sufficient to ensure that his/her most essential needs are fulfilled. Hence, the craftsman/craftswoman distributes a few of his/her time to a work that will provide him/her the plausibility of obtaining products in adequate amounts to fulfill those needs; once this objective is accomplished, he/she subsequently leans towards committing himself/herself to his/her imaginative exercises, even if they are less compensated than the non-artistic ones (Throsby 1994, 2001)

2.1 Are there any differences between Cultural Industry and Creative Industry?

To some extent, the terms 'Cultural Industry' and 'Creative Industry' may be confused and even overlap; the conceptual boundaries between one and the other are exceptionally subtle. The term 'Cultural Industry' alludes to the set of exercises related to the creation, fabricating, showcasing of cultural services or items; in any case, these services or items have a considerable imaginative component, and an economic and cultural value, which may be tangible and intangible - lies within the circumstance that their significance does not only result from their economic value, but also from the impact they may produce on the enhancement of society and public space, counting the recovery of financial and urban aspects (O'Connor, 2007).

To summarize...

... cultural industries emphasize the typical character, whereas creative industries center more on the economic character and the impact on territorial development, including the renewal of the commerce and urban texture.

There is legitimacy in perceiving that the creative industries are comprised of exercises that stem from individual creativity, skills and talent, with potential for work and wealth through the creation and 'exploitation' of intellectual property. Moreover, creative industries are based on an interface between people with mental and imaginative capacities conjointly between directors and experts, including those from the economic field (Caves, 2001).

At the same time - in spite of the developing reflection, conceptualization and generation of information and knowledge in these spaces - the creative industries appear to have a border that's still not well characterized, having, in some cases, a set of fundamental exercises that bring together, among other ranges, the activities related to theater, film, promoting, plastic expressions, performing expressions, crafts, design, fashion design, , interactive and leisure software, music, publishing industry, radio, TV, historical centers, museums, and exhibitions (Caves, 2001).

The characteristics and particularities of the creative industries emerge, at a basic level, from their relationship with cultural production and, at a following level, with the administration and economy of a given item, in this case, a good of cultural nature. In this way, cultural industries commercialize significances, passing administration to the level not only of capital but also of the symbolic (Caves, 2001; Hartley, 2005).

Keep in mind!

One of the most relevant characteristics of the creative industries resides at the generation and commercialization of an item which, in itself, is more or less esteemed concurring to the interest and valuation ascribed by a determined type of consumer.

Other characteristic related with creative industries, as mentioned before, alludes to the level of instability with respect to demand or adhesion to the item; in other words: the product or service success is continuously unforeseeable (Quintela & Ferreira, 2018).

Another economic characteristic of cultural or creative industries alludes to the reality that laborers - in this case artists, creators, producers - have a solid enthusiastic association with the work they deliver or create, not continuously on a material interest premise, some of the time negating a more levelheaded demeanor and assessment by financial specialists, who tend to characterize contracted laborers as someone only concerned with their compensation and the sum of exertion they will have to apply to perform a certain assignment. In this way, representatives within the creative industries are not only motivated by material reward, but moreover – at times constitutes the essential inspiration - as an implication of fulfilling a necessity or gaining intellectual acknowledgment (Flew, 2012).

A third particular characteristic indicates that a few productions or manifestations related with the cultural or creative industries also require the cooperation of a few individuals with distinctive aptitudes. A film, e.g., implicates the presence of a considerable number of collaborators whose inventive wills and desires may establish connection in a confrontational way, making both the administration and the generation of the product more troublesome (Flew, 2012).

Please do exercise 2: Cultural and economic value in the CCI

Tags for Unit 2: Cultural and economic value

CCIs, Cultural value, Economic value.

3 What about the consumers of products and services in the CCIs?

One of the topics that is relevant when discussing the consumers of products and services in the CCIs, is the one relates to the costs that are involved in their development and commercialization. These costs are usually elevated, due to reasons such as:

- The need for market research to determine what the consumer wants to see, buy and/or experience; or
- The fact that consumer market is influenced by local territorial policies;

Presently, the production cost that includes the complete preparation from thought formation to marketing as a cultural or creative product could be a conclusive factor, because it will decide the practicality or impracticality of the venture. In this sense, market inquire can be carried out with the goal of understanding what the customer wishes to purchase - in other words: distinguishing what are the needs that have to be met, whether for a more extensive fragment of customers or indeed for a specific niche market (Faustino, 2018).

Therefore, consumer education can positively affect the refinement of meaning for cultural production, while elucidating about (Faustino, 2018):

- Tastes and trends,
- Particular aspects of cultural goods or services
- The artists who produced the goods
- Anecdotes or the cultural context of the creation

In a wider perspective, this education can help in shaping consumer-perceived meanings on products and services in the CCIs. Buyer instruction is additionally a common and compelling approach to forming the meaning of social generation. Teaching buyers may include influencing tastes and patterns, the specific angles of social products or administrations, the craftsmen who delivered the merchandise, as well as accounts or the social setting of the creation. Customer instruction is crucial for forming consumer-perceived intersubjective meaning by exchanging typical messages of social substance to a potential gathering of people, since it gives an outline of reference for shoppers to create sense of and appreciate the social esteem of the imaginative substance (Chang et. al., 2021).

Simultaneously, nearby regional approaches decide the flow of operation and the association of urban structures, frameworks, systems and streams of individuals and exercises. They

meddled with the participation and relationship with specialists and publics from other territorial, national and worldwide regions and impact the concentration of imaginative and social on-screen characters as well as the buyer advertise (Chang et. al., 2021).

Another option to involve consumers is through the practice of co-production. Here, an involvement is 'co-produced' by an interaction between the social products and its customers. Consumers' interaction and co-production of shared involvement, therefore, plays a vital part in encouraging sensemaking for the substance borne by the social products or administrations (Chang et. al., 2021).

If there is a need to innovate, there is always the option of working with information and communication technologies. They offer a set of possibilities to distribute and sell creative content according to segment or individual consumption necessities. This can lead to higher degrees of personalization or intensification of the experiences, bringing more satisfaction and the intensification of spontaneous word-of-mouth. (EENC, 2015)

Please do exercise 3: Consumers in the CCI

Tags for Unit 2: Consumers

Consumers, CCI

Please do exercise 4: Quick checks!

Tags: Self-assessment

References

ADDICT, & Agência Primus. (2012). Mapeamento do Setor Cultural e Criativo no Norte de Portugal. Porto. Retrieved from <http://addict.pt/category/publicacoes/estudos-nacionais/>

Bendassolli, P. F.; Wood Jr., T.; Kirschbaum, C. e; Cunha, M.P. (2009) – Indústrias Criativas: Definição, Limites e Possibilidades. «Revista de Administração de Empresas», vol. 49, no 1, pp. 10-18.

Caves, R. (2001) – Creative Industries: Contracts between Art and Commerce. Harvard: Harvard Business Press.

Chang, YY., Potts, J. & Shih, HY (2021). The market for meaning: A new entrepreneurial approach to creative industries dynamics. *J Cult Econ* 45, 491–511. <https://doi.org/10.1007/s10824-021-09416-5>.

Comissão Europeia. (2010). Livro Verde: Realizar o potencial das indústrias culturais e criativas. Retrieved from <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV:cu0006>

European Expert Network on Culture (EENC) (2015). New Business Models in the Cultural and Creative Sectors (CCSs). <http://www.interarts.net/descargas/interarts2540.pdf>

Faustino, Paulo (2018): "Origens, Desenvolvimentos e Abordagens das Indústrias Criativas e Culturais", in Poland, Amelia et al. (Eds.), "Boas Práticas para Políticas Públicas de Memória, Ciência e Património". Joint edition CITCEM, COOPMAR and Media XXI/Formalpress. Lisbon. Portugal.

Flew, Terry (2012). The Creative Industries. Culture and Policy. Londres/Nova Deli: Sage.

Hartley, J. (2005) – Creative Industries. Blackwell: Wiley.

Howkins, John (2001). The Creative Economy: How People Make Money from Ideas. Londres: Penguin Books.

O'Connor, J. (2007) – The Cultural and Creative Industries: A Re-view of the Literature. Leeds: Arts Council England.

Quintela, P. & Ferreira, C. (2018), "Indústrias Culturais e Criativas em Portugal: um Balanço Crítico de uma Nova 'Agenda' para as Políticas Públicas no Início deste Milénio", Revista Todas as Artes, 1: 88-110.

Thorsby, David (1994). The Production and Consumption of Arts: A View of Cultural Economics. «Journal of Economics of Literature», vol. 32, no 1, pp. 1-29.

Thorsby, David (2001). Economics of Culture. Cambridge: Cambridge University Press.

Acknowledgements

These training modules are an output of the **FENICE** project and its dedicated partnership. The **FENICE** partners contributed with their expertise and valuable feedback. Authors would also like to thank the participants in the presented case study.