



The Cultural and Creative Industries in Dresden

Potentials and Opportunities for Action



Designers, painters and gallery owners, filmmakers, advertisers, radio and television producers, graphic designers, software and game developers, artists, dancers and choreographers, architects, musicians and composers, editors, writers, publishers and booksellers — they all have something in common. They are representatives of the eleven subsections which, like the colourful pieces of a puzzle, create a multifaceted whole — the sector of the cultural and creative industries in Dresden.

Art and culture have always been of outstanding importance to society and its development. In a substantial way, they also make an important contribution to economic development. Cultural and creative industries have become a major economic factor and a pillar of economy across the globe. They are one of the fastest-growing sectors, open up new opportunities, create jobs and promote innovation.

This growth engine is also running in Dresden and the industry is continuing its upward trend here. The cultural and creative industries generated an annual turnover of one billion Euro in 2016, which corresponds to five percent of the turnover of the Dresden economy as a whole and 31 percent more than in 2010. In the same period, the number of employees increased by 24 percent to around 18,500. This means that 5.6 percent of the workforce in Dresden works in the creative industry. The industry is therefore growing more dynamically than the economy as a whole in Dresden. Companies from the fields of software, press, advertising and architecture are the driving forces here. The fields of film, performing arts and design support this growth trend.

Dresden, with its tradition as a metropolis for art and culture with a connection to high technology, provides a first-class ecosystem for the development and set-up of creative companies. The city also performs well in competition with other cities.

Dil littel

Dirk Hilbert Mayor of Dresden

Foreword

We as a community actively support the industry association *Wir gestalten Dresden* (We are designing Dresden) to promote this trend. This association acts as a stakeholder for the parties concerned and is our direct contact point for everything related to creativity. In addition, we help to create further development opportunities and the freedom to be innovative. To this end, we promote measures that improve the space situation and initiate a *Kreativraumbörse* (an exchange for creative spaces), which is intended to facilitate the search for space.

Innovations often arise where stakeholders break through the boundaries of institutions and industries. With daring ideas and fresh perspectives, creative people lay the foundations for regeneration and pave the way for cooperation – even in other sectors of the economy.

As a showcase for cross-sector innovations and a platform for networking with other specialist fields, the innovation forum *PRIME* is a good example of how we in Dresden are laying the foundations for sustainable partnerships, initiating innovation and promoting the development of business models.

Artists and creative minds supply an important asset – ideas. This is how they contribute to economic growth. But they also create values which go beyond economic utility. They help change the society and to find out how we want to and will live in the future. The city can draw on its wealth of creative companies both when applying for the title of European Capital of Culture 2025 and for its successful participation in the competition Zukunftsstadt 2030+ conducted by the Federal Ministry of Education and Research. The spectrum of the cultural and creative industries in Dresden, from the classic software companies to the free dance groups, contains enormous potential in decisively shaping the future of our city.



Robert Franke, PhD Head of the Office of Economic Development Dresden

R-Frank

The Cultural and Creative Industries (CCI) of Dresden are an efficient economic sector and an important pillar of the Dresden labour market.

The CCI of Dresden generated sales of about one billion Euros in 2016, which corresponds to five percent of the Dresden economy as a whole. With around 18,500 people in employment, the CCI covers around 5.6 percent of the total workforce. Some 10,900 of these regular employees pay social insurance. In addition, the industry accounts for more than a tenth of all Dresden companies, with just under 2,100. This means that the importance of the CCI in Dresden is higher than in Saxony and Germany. There, the CCI generate only 2.4 percent and 2.6 percent of total sales, respectively. And although just 13 percent of Saxon inhabitants live in Dresden, around 30 percent of CCI turnover in Saxony is generated in the state capital Dresden.

The CCI of Dresden are a central growth engine of the capital's economy.

The CCI in Dresden achieved very high growth rates between 2010 and 2016. The number of people in employment rose by an average of 3.6 percent per annum and sales developed even more dynamically with a rise of 4.6 percent. The increase in the number of regular employees paying social insurance is particularly strong, with an annual growth of 5.3 percent. It is indicative for a more dynamic growth within the CCI than the Dresden economy as a whole and reflects the positive growth momentum of this sector. For instance, sales within the CCI increased by a total of 31 percent and the number of people in employment by 24 percent while the Dresden overall economy grew by only 17 percent and eleven percent respectively.

The sub-markets of software industry, press market, advertising market and architecture market are strongest of the CCI in Dresden.

In terms of sales, the sub-markets software, press market, advertising market and architecture market are the sub-markets with the highest sales. They generate almost three quarters (71 percent) of CCI generated sales in Dresden. In addition to the software industry, the central employers include the architecture market and advertising markets. The software sub-market also plays a prominent role. Alone, it generated over 27 percent of total turnover and employs 38 percent of the total workforce and nearly 60 percent of regular employees paying social insurance. The strength and growth dynamics of this sub-market are of major importance for the entire CCI in view of the increasing tendencies towards digitisation and the intertwining of mutual valueadded creation between the sub-markets. Approximately half of the eleven Dresden CCI sub-markets are growing and continued to increase in employment between 2010 and 2016. Markets that are developing positively include software, film, performing arts, design and architecture markets.

Dresden convinces with its qualities as a creative city but is increasingly facing competition with other cities.

Regarding the qualities of Dresden as a creative city, empirical analyses confirm a positive overall picture. Its strengths include attractive living and working environment, the wide range of leisure and cultural activities on offer, its urban flair and the open and tolerant atmosphere that allows creative ecosystems to settle here. With its young, lively and well-organised creative scene, it offers good conditions for enhancing the image of the city. Facing increasing

Summary

competition for locations at state and federal level, survey participants feel that more proactive location marketing, which makes Dresden's diversity visible beyond its baroque heritage, is very important.

Further education programmes geared to the needs and developments of the CCI can be expanded in Dresden.

With regards to the existing offer of qualification measures on business management, communication and marketing topics, as well as current trends and developments in the industry, Dresden indicates a high demand for further training opportunities, currently not met by existing structures. Subsequently, survey participants would like to see complementary learning formats that can be integrated into the working reality of cultural and creative professionals.

Despite the solid networking structures, cross-industry partnerships are still weakly developed.

The CCI's strong sub-market interlinkage and deep integration into the Dresden economic area characterises their value-added structure. However, the exchange and access of small and medium-sized enterprises (SMEs) from more traditional economic activities requires further development. The lack of cooperation partnerships with nonindustry players is seen as a hindrance to the companies' ability to innovate. Results from the survey suggest an interface management system between different sectors, allowing to communicate the service portfolio of the Dresden CCI and reconcile it with the needs of the traditional economy.

The lack of office space, production and presentation rooms is a particular obstacle to the development of the CCI in Dresden.

The space available for creative work in Dresden is judged to be inadequate. There is demand for office, production and presentation rooms. The property demands are, however, very heterogeneous between the sub-markets, the size and the development phase that a creative company might find itself. In view of this need, existing promotional measures such as creativ space funding and *Kreativraumbörse* in Dresden are taken advantage of too rarely.

A strategic approach to support and promote competence and cooperation for the creative city Dresden.

Interconnected, innovative and cooperative actions are overarching premises on which strategies for the creative city Dresden should be based. Five development priorities have been generated in this report, focusing on a strengthened CCI network, expanding space allowances, initiating cross-industry cooperation, promoting additional training opportunities and marketing activities. A total of 13 measures will be presented, which should make a significant contribution to the implementation of the strategy. The aim is to make Dresden a more attractive space for creative minds to flourish and advance a cross-linked entity that creates (digital) changes with solutions for the diversity of creative minds. Furthermore, it shall put all differences aside and concentrate on common grounds drawing its strength from cooperation.



Milestones of the CCI in Dresden

The development of the CCI in Dresden can be illustrated on the basis of various milestones. The starting point for this was the study "Cultural and Creative Industries in Dresden. Potentials and Opportunities for Action", conducted in 2011 by Prognos AG on behalf of the state capital Dresden. The aim of this study was to portray the current structure of this industry in Dresden and to arrive at important fields of action for its promotion. Based on this study, initial processes for the implementation of a comprehensive funding programme were initiated in cooperation with local stakeholders. These include, in particular, the following measures:

Establishment of an industry association in 2012

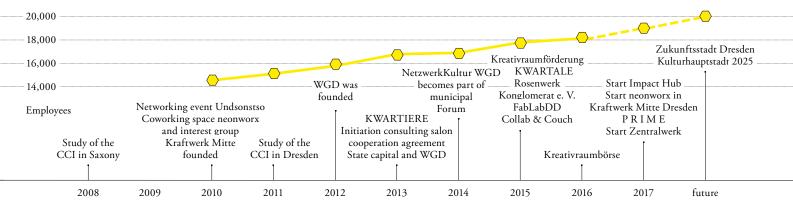
The CCI in Dresden did not receive much consideration before 2011. So, as a direct result of the study and various network meetings, the industry association of the Dresden CCI, Wir gestalten Dresden (WGD), was established as a common point of contact for creative professionals (Figure 1, p. 6). As a bottom-up initiative, the association has been representing since 2012 the interests of CCI stakeholders vis-à-vis politics, administration and other institutions, supported by events and projects in networking and coordination, and conducting needs-based consultations. Since 2013, the association has been receiving an annual subsidy of 40,000 Euro from the Office for Economic Development, which has enabled it to set up an office and continuously expand its portfolio.

Expansion of industry-internal formats and cross-sector networks

In addition to WGD as a cross-sector association, a large number of the submarkets have their own, self-organised initiatives that contribute to the internal networking of various divisions and to further development (e.g. TanzNetzDresden). As a rule, division-internal alliances have a relatively large network, which contributes to the co-creation and further development of the local scene. Public platforms help in the visualisation of the achievements of the respective industries. Networks are complemented by open formats and festivals (MusicMatch, DAVE, LackStreicheKleber).



Industry association WGD and creative entrepreneurs in the Neonworx Offices in the Kraftwerk Mitte



Employees of the CCI Continuation

Figure 1: Key milestones of the CCI in Dresden and development of employees

Source: Prognos AG &

Landesverband für Kultur- und Kreativwirtschaft Sachsen e. V., 2018 * The diagram gives an Overview of activities of the CCI in Dresden since 2008 and takes in particular Consideration of cooperationand projects with or through initiated by WGD. Not in the illustration are already included long established creative spaces and formats, as well as trade fairs and submarket individual initiatives. The listing therefore does not charge right to completeness.

Momentum and self-organisation can also be observed in cross-sector alliances, for example, in *NetzwerkKultur*, which over 60 free cultural institutions and initiatives have joined. The establishment and headquarters of *Landesverband der KKW Sachsen e.V.* in Dresden and the initiation of the SMWA-funded *Sächsisches Zentrum für KKW* impressively demonstrate the impact and reach of these open networks.

Dynamic development of creative spaces and urban funding

The growing importance of the CCI in Dresden is also or primarily evident from the workspace situation of creative professionals. The first co-working spaces (neonworx) were founded in Dresden as early as 2010. They inspired many of the space-sharing models seen today. From co-offices (Kraftwerk Mitte, Impact Hub) to cooperatively organised residential and workplace facilities (Zentralwerk) and on to open workshops (Rosenwerk, Konglomerat e.V. and FabLabDD), the majority of initiatives responded to the industry's need for shared offices and workspaces, as well as flexible workplace models with their own dynamics.

Due to the high demand for the development of suitable spaces for the CCI, the state capital Dresden, together with WGD, established Kreativraumförderung in 2015. This is where companies can apply for a

50 percent subsidy for space-related work. Since 2016, the Office for Economic Development has also been supporting the development of a *Kreativraumbörse*, which is intended to develop intermediate use models and help CCI stakeholders in finding suitable premises.

Prospect: Dresden dazzlingly different

The potential of the cultural and creative enterprises in Dresden is great. The overall positive development and growth of the industry strongly rests on the creative power and success of creative stakeholders themselves. Cooperative projects or interest groups such as *WGD* have the potential to sustain this development in the future as well. The basis for this success is the creation of workspaces for the CCI, as well as the diverse individual initiatives and networks of the local industry, induced either by outside initiative, or better yet, by self-initiative.

Thanks to all these actions, Dresden has been able to distinguish itself as a place for creative stakeholders. This is a potential that should be further exploited and that can benefit other urban projects, whether this be the Zukunftsstadtinitiative of the city of Dresden or its application to become the Kulturhauptstadt (Capital of Culture) 2025. In particular, the application process for the Kulturhauptstadt competition is ideal for increasing the visibility and awareness of the CCI.





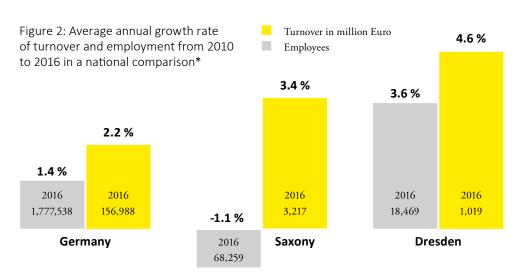
The CCI and its eleven sub-markets in Dresden

The CCI of Dresden scores with a significantly positive upswing in turnover and employment (2010 to 2016)

In terms of national comparison, Dresden scores with a significantly positive development in turnover and employment (Figure 2). With a growth of 4.6 percent p.a., turnover in Dresden increased by almost a third between 2010 and 2016. In comparison, Saxony displays a lower growth rate at 3.4 percent p.a. and Germany at 2.2 percent p.a. There is a similar trend when it comes to the number of persons employed. At 3.6 percent p.a., the number of persons employed in Dresden increased by almost one quarter, whereas in Germany it increased by only 1.4 percent p.a. In Saxony, the number of employees of the CCI also actually declined by -1.1 percent p.a.

It can be seen that the CCI in Dresden has almost always had greater economic importance than in the Free State of Saxony or in Germany. Consequently, the amount of turnover, at five percent, is about twice as much as that in Saxony (2.4 percent) and in Germany (2.6 percent). Likewise, the share of the CCI (5.6 percent) in the total number of employed persons is significantly higher than in the Free State of Saxony (3.3 percent) and in Germany (3.9 percent).





Source: Prognos AG 2018, own representation based on the Bundesagentur für Arbeit and the Statistisches Landesamt des Freistaates Sachsen. *The number of working persons comprises employees who are subject to statutory welfare contributions, self-employed persons/companies with a minimum annual turnover of 17,500 Euro, marginally employed persons and parttime employees. The turnover figures are comprised of the turnover of self-employed persons and companies with an average annual turnover of more than 17,500 Euro.

The majority of the sub-markets are displaying growth. Seven of the eleven sub-sectors succeeded in increasing their turnover between 2010 and 2016. The number of persons employed also increased in five of the eleven sub-sectors.

Table 1: Overview of the sub-markets of the CCI of Dresden in terms of turnover and number of employees

	Music Industry	Book Market	Art Market
Turnover in millions of euros	65.6	11.1	34.8
Share of sales of CCI in %	5.7	1.0	3.0
Sales development in % p. a.	-0.6	-28.0	-18.6
Employees	627	726	673
Employment share of CCI in %	3.0	3.5	3.2
Employment development in % p.a.	-0.6	-4.8	-0.5

	Film Industry	Broadcasting Industry	Performing Art Market
Turnover in millions of euros	25.1	28.2	68.2
Share of sales of CCI in %	2.2	2.5	5.9
Sales development in % p. a.	3.9	1.4	-0.6
Employees	1,187	489	1,301
Employment share of CCI in %	5.7	2.4	6.3
Employment development in % p.a.	4.4	-0.8	2.7

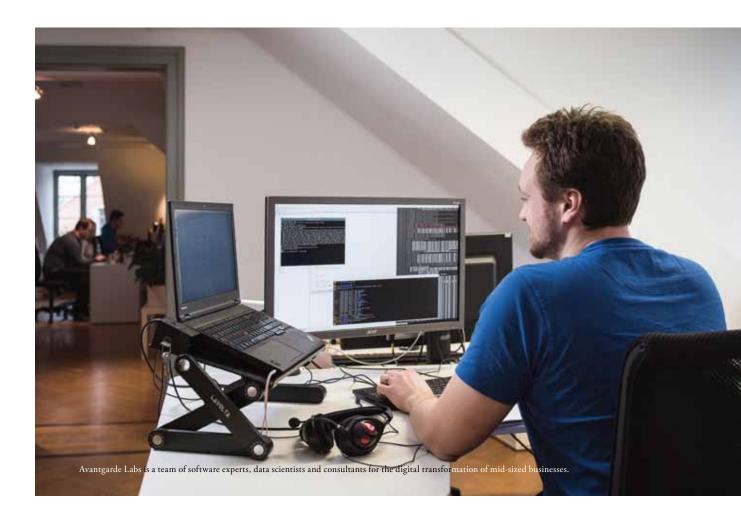
	Design Industry	Architectural Market	Press Market
Turnover in millions of euros	89.8	100.1	304.8
Share of sales of CCI in %	7.8	8.7	26.6
Sales development in % p. a.	8.0	5.9	18.4
Employees	1,873	2,255	1,468
Employment share of CCI in %	9.0	10.9	7.1
Employment development in % p.a.	2.4	2.1	-4.5

Economical overview over the eleven sub-markets

	Advertising Market	Software Industry	Software (Silicon Saxony)
Turnover in millions of euros	100.5	310.4	932.3
Share of sales of CCI in %	8.8	27.1	-
Sales development in % p. a.	7.5	7.9	17.3
Employees	1,942	7,993	12,727
Employment share of CCI in %	9.3	38.5	-
Employment development in % p.a.	-0.6	10.4	7.2

Silicon Saxony is an association for the semiconductor, electronic, microsystems and software industries.

Source: Prognos AG 2018, own calculation based on the Bundesagentur für Arbeit and the Statistisches Landesamt des Freistaates Sachsen.



With the present strategy, the Office of Economic Development of the state capital Dresden would like to contribute towards ensuring that the implementation of the projects and all further action are oriented to the vision "Networked, innovative, cooperative: creative industries are shaping growth", which all stakeholders will uphold and pursue together in the coming years.

Dresden

- is enhancing its attractiveness as a place where creative minds can find a good living,
- as a networked unit, is shaping (digital) change with solutions for a wide range of creative professionals and
- is providing team spirit, shifting the focus onto what is held in common rather than on differences and drawing its strength from this cooperation.

Against this background, the strategic objective is to develop the potential of CCI companies and to develop competencies in order to strengthen efficiency and competitiveness as well as the growth dynamics of the creative scenario and to make innovative power effective. The funding is intended to stabilise or increase employment in the CCI and, at the same time, provide impetus for cross-sector and interdisciplinary value creation.

In order to achieve these strategic objectives, five development priorities with 13 associated approaches were derived from the analyses, surveys and discussions.

In order to promote the overall strategy, the five development priorities pursue corresponding sub-objectives:

- Continuous funding of WGD and stronger development of interface management (for example, by means of a regular interdepartmental jour fixe with representatives from the Department of Culture, the Office for Economic Development, Urban Planning, and the Chambers of Industry and Commerce) are intended to accelerate exchange and collaboration within the CCI in Dresden.
- The existing formats Kreativraumförderung and Kreativraumbörse, as well as the development of municipal real estate and land, is intended to help in developing suitable workspaces for creative work.
- With the aim of promoting a cross-sector transfer of ideas and knowledge, and activating innovation processes, the successful format PRIME is to be continued and other low-threshold matching formats such as Business Speed Dating or Canaletto & Beer are to be created.
- The expansion of advanced training opportunities is intended to specifically support the entrepreneurial competitiveness and efficiency of creative companies. On the one hand, this concerns a better reference structure of already existing qualification opportunities, as well as the creation of new formats such as the Dresden Perspektivwechsel-Tour, which brings companies from traditional industries into an active exchange of competencies with the CCI of Dresden.
- O Increased marketing activities are also intended to strengthen the external perception of Dresden as a creative location. This is to be implemented with the help of Creative translators and the Dre(h)sd'n Film initiative. On the one hand, both initiatives help to transfer research results into the corporate world and to market them successfully. On the other hand, representatives of the industry and the creative location of Dresden can be popularised by means of mini-interviews and short videos of CCI stakeholders, leading to an enhancement of Dresden's profile.

Strategic orientation for promoting the CCI

new

The measures listed above are subdivided into existing ones which are to be continued, and new ones whose implementation is to be examined.

existing



Figure 3: Strategic orientation of the CCI of Dresden

Source: Prognos AG & Landesverband für Kulturund Kreativwirtschaft Sachsen e. V., 2018

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