REPORT

The CICERONE project methodology

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PART ONE

Introduction

The CCIs are extremely varied in terms of types of products, firm size, market orientation, key technologies. This variation occurs not only between sectors but also within them: they differ in terms of the power relationships shape and organisation, and the nature, complexity, and geography of the linkages of these networks. The aim of the CICERONE project is to grasp the role of trans-local production networks in CCIs and to understand how they are related to labour conditions in these activities, and how they impact on local and regional development, and identities. The aim here is not one of generalization, but instead uncovering the key mechanisms and relationships in these networks. In this paper we develop a coherent typology that can inform research and policy making: this has two stages: 1) location and industry, 2) industrial production network analysis.

Each creative industrial production network will be explored from the perspective of two locations through two to four case studies. Comparisons will be then carried out to highlight shared traits and differences. Each of these case studies will be focusing on industry-specific 'production network typologies' and their respective footprints (where and at which functional and geographical points do these 'touch down'). Subsequently, these production network typologies will be categorized, after which specific research questions will be formulated for each of these categories in order to enable the interrogation of: A) an exploration of governance structures (specifically the issue of power in the value production and appropriation), working conditions, knowledge productions and distribution, and tensions and conflicts; and B) an analysis of mechanisms and conditions (i.e. institutional frameworks, public policies, common goods) that allow specific CCI sector networks to combine strategically with the local context in order to produce positive economic and social outcomes.

In our view applying the Global Production Network approach implies exploring the following articulations of networks: stages of production, their linkages, their embeddedness in multi- scalar, the role of regulatory contexts, and the distribution of power in the networks. It will be clear that this approach can be distinguished from the normative quantitative network analysis who focus is on scale and quantity of flow; not, as here, in quality and power relations. Thus far, this approach previously has been applied to manufacturing (car, electronics and apparel industry). Our research is novel in looking at CCIs from this perspective should enable us to interrogate several important differences between manufacturing and CCIs. First, many actors in the CCIs are intrinsically motivated (Caves, 2000), which means that they are not primarily driven by money concern, but they want to create a beautiful building, dress, piece of music or great book. Secondly, there is often a strong link between the symbolic aspects of the CCIs and the identity aspects (local/regional/national, ethnic, social). Thirdly, selecting which products are important and determining their value hinges on social processes

in which gatekeepers and tastemakers play leading roles. Fourthly, the role of tradition is very prominent to set examples to follow, to emulate or to diverge from. The stage of archiving is, accordingly, very important in CCIs. Fifthly, the near-endless fragmentation in subsegments of markets creates niches which offers opportunities for small and even one-person firms.

Generally, our methodology has a critical realist scientific underpinning, as common with some key GPN studies. As we elaborate, the logical aim is not to generalize from case studies and to seek regularities, and thereby infer causality. Rather, the case study is an access point to the deeper causal mechanisms that allow us to understand the operation and dynamics of the industrial production network. Thus, the aim is not numerical preponderance but causal processes themselves. Such an approach has a string foundation and support in industrial analyses focused on policy action. The findings generate evidence of causal mechanisms and the possibilities of intervening in them, to produce alternate outcomes (Cooke 1989; Pawson 2004; Pratt 1995; Sayer 1982; Yeung 1997).

1. Selection of case study creative production networks: three common elements underlying case studies selection in the eight CCI sectors

From a methodological perspective the development and application of the GPN framework to the CCIs at European level is an advance as it provides a way to map and analyse the spatially dispersed and organisationally complex cultural and creative production networks. Tracing the path of a cultural and creative good/service provides also a grounded way to study and operationalise different kinds of nexuses: i.e. organisational and institutional, global and local, micro and macro. The network becomes the analytical tool which allows to map its nodes and the relationships among the actors involved in it: such relationships are essentially power relations among intentional actors. Network relationships should be understood as being both structural and relational. Networks are structural, in that the composition and inter-relation of various nodes constitute structural power relations, and they are relational because they are constituted by the interactions of intentional and variously powerful social actors.

Case studies selection is a crucial step to start the empirical work and to gather important qualitative data on the eight industries selected by this project. The particular creative industries chosen for the project reflects the range and diversity of the sector in Europe. Moreover, the 'entry points' for these networks were determined by the research capacities of the partners. Analytically our choice of particular networks was guided by the following three themes:

1) GPNs in CCIs, as in any other industries, are characterized by differential power relations. Powerful actors (the lead firm) are those who drive networks and make things happen: as explained, their ability derives from their control of key resources, namely physical, economic, technological but also social, political and immaterial ones. The control of resources however does not automatically imply that the actor is powerful until power is exercised. Rather than being matter of actors' position in the network (more or less marginal actors), power should be conceived as the capacity to concretely exercise control within it. Governance identifies the authority and power relationships that affect how resources – material, financial, human, etc.

– are distributed and flow along the chain. On the basis of this initial conceptualization, Gereffi distinguished the dichotomy between producers- versus buyer- driven chains (Gereffi, Korzeniewiz, 1994). Governance as driver embraces therefore a broad idea whereby governance refers to the whole chain dynamics: this concept is meant to capture the power that lead firms exert over other participants and to highlight its ability to govern the chain by making decisions about where, how and by whom goods/services are produced. In the identification of concrete governance typologies for the empirical research, the concept of governance as driver is one important aspect. On this basis therefore, one will look for different inter-organisational network displaying different lead firms.

2) Relationships between lead firms and the other actors in the network differ across industries due to the particular features of the products/services produced, to the production process and the organisation of that specific industry. For instance, differences may concern the level of technology required, the product/service complexity, the positioning of products/services in the market etc. (see d.1.3- section 3). Some dynamic drivers of value activity in global production networks, identified by the literature, also attain CCIs and provide an explanation of why such networks are organised and governed in specific ways (Hamilton, Gereffi, 2009; Coe, Yeung, 2015). The optimization of cost-capability ratio implies the search for cost reduction whilst at the same time considering the capabilities of the firm (namely its technology, knowhow, etc.). This equilibrium helps to explain why certain activities are outsourced and/or why the mix of activities changes over time. For instance, a lead firm is more competitive if its cost-capability ratio is low: this can be achieved when high capabilities combine with low costs. The configuration and coordination of global production networks are also shaped by the expansion of demand and markets. Goods and services' demand needs to be created and sustained among final consumers and end users (i.e. think about the increased role of merchandising). It is therefore important to satisfy customer pressures, (i.e. price, quality), the so-called time to market (i.e. time imperative) as well as the basic access to the market and to new markets (i.e. in emerging economies). Finally, the choices and strategies of production networks are also influenced by financial considerations, which relate both to firms' activities and to their shift to non- manufacturing ones. A second aspect to consider when selecting concrete case studies should therefore concern issues of product/service complexity, production capabilities, demand dynamics, markets' features, technological content, financial pressures, etc.: as the previous one, this aspect refers more to technical, organisational dimensions and demand, that are shaped primarily by the industries' internal logic.

3) As underlined, the innovativeness of the CICERONE project lies in the application of the GPNs perspective to the CCIs. Whilst a vast array of studies has concerned the manufacturing industry, considerably less attention has been devoted to the cultural and creative industries. The empirical work required by the project intends to contribute to the understanding of the eight industries considered by the project at European level. Nonetheless, the empirical research aims also to account for the broad institutional context in which production networks operate. Institutions do not only influence chains' dynamics but should be considered constitutive of these networks in ways that are critical for understanding their social and economic consequences: institutions should therefore not be considered external to the networks even though they are not strictly connected to inter-firms' relationships.

As already indicated, production networks are socially and territorially embedded, beyond their organisational embeddedness. Societal embeddedness places economic actions within a multilevel institutional and cultural framework. For instance, the ways in which a lead firm relates to the other actors of its network, let's say labour, is often influenced by the prevailing industrial relations of that specific context. Territorial

embeddedness appreciates the differing ways in which firms are anchored to different places and to its specific resources (i.e. labour markets, state policies). An important aspect of territorial embeddedness concerns the nature of the relationships between firms performing different roles within PNs, which will affect the development prospects of a given place.

Ultimately CCIs industrial dynamics in Europe should be analysed both in their ideal-typical sense (by accounting for the specific industry-level characteristics affecting inter-firm linkages) and with concern to the differentially embedded nature of their economic activities. Attention should be paid also to the ways in which actors mobilize and deploy resource, forge alliance, shape regulatory structures through discursive constructions and mechanisms that legitimate the GPN configuration, i.e. eco labels, fair trade, ethical labour, environmentally friendly productions, etc.

2. Case study format

The case study approach allows to illuminate a particular situation, to get a close (i.e., in-depth and first-hand) understanding of it. Indeed, it helps to make direct observations and collect data at the same time, thus illuminating new, unexpected elements. As Yin states, the strength of the case study method is its ability to examine, in-depth, a “case” within its “real- life” context (Yin 1981).

As the ultimate aim of WP2 is to assess how cultural and creative industries and their production networks contribute to the European local development, the unit of analysis of the empirical research are production *networks* (and not single firms), their phases (or nodes, or steps) and relations among phases. Each node has to be investigated as well as the relations it developed with other nodes. The focus of the research, through which the aim of the research is to be reached, is therefore network governance, namely power relations within and across nodes.

In practical terms, the selection of case studies means selecting a network of firms and then the field is accessed through a company which represents a node/phase in the network; starting from that, the whole network will be explored, so to be able to grasp information on both relations among phases and phases themselves. The process of research, as the case study methodology allows, will aim at "data collection and data analysis together" (Yin 1981), so that, while one phase is analysed, at the same time information about other phases are gathered.

In order to identify the case studies, it is necessary to have a preliminary knowledge of the possible variations, in terms of governance structure, of the selected CCIs. Therefore, for each sector we developed an overview, we highlighted product variations and input-output structure, so to be able to distinguish a number of typologies of governance structures leading us to the identification of the specific case study (the network of firms to explore empirically).

The selection of case studies matches three key criteria: first, they have a satisfied explicative capacity, allowing to answer to the research questions, meaning that they are well articulated and complex enough to well represent the governance typology which has been previously identified. Second, they must be accessible, meaning that researchers are able to in-depth explore a number of nodes and their relations. Finally, they

have a European scope, and they are transnational, with a number of phases located possibly in different European countries.

3. Conclusions

This paper serves as the capstone to the methodological approach and initial operationalisation of the concept of the GPN in the field of the creative industries in Europe. The key ideas, approach and principles are to be used as the consistent approach to a varied set of cultural and industrial practices which collectively comprise the CICERONE project. This conclusion to Part 1 serves as a conclusion to this whole paper: D1.4. Part 2 can be most easily read as an annex of potential operationalisation of the methods outlined here.

The main point that we have drawn upon and followed through, is to operationalise the concept of the industrial production network as a causative object and process. Whilst it may seem like a small difference from normative work, this in fact represents a significant perspectival shift away from singular firms (which is normative). It is not surprising that researchers in this field have used realist, rather than nominalist, philosophical frameworks to identify networks not grouped or selected by superficial similarity, but by shared mechanisms and processes. Our concern is with the industrial production network, and specifically the creative production network.

Deploying such an approach for the creative industries is relatively novel; as is the proposal to use interview approaches to source data and insights (as opposed to international data sets). In our case the choice is simple, no such data exists. This will thus be another source of innovation. Finally, our concern is to generate policy relevant findings. Questioning the mechanisms that produce locational outcomes, and distributions of power, economic and cultural values gives policy makers evidence upon which to act if they seek to change these outcomes.

PART II

4. The eight cultural and creative industries sectors

In this section of the paper we summarize and discuss key characteristics of the selected CCIs: 1) Architecture; 2) Archives, libraries and cultural heritage; 3) Artistic Crafts; 4) Audio- visual (film, TV, videogames, multimedia) and Radio; 5) Design; 6) Festivals, Performing and Visual Arts; 7) Music; and 8) Publishing.

Each section follows a similar structure to aid initial cross-industry comparisons: Product characteristics, Forms of competition, Regulatory regime, Global production characteristics and Governance structures. The selection of these characteristics was additionally a further cross-check that we were addressing the over-arching themes of the CICERONE project in relation to production networks, institutions, policy making and places; and mobilizing the logics of the methodology articulated in Part 1. These 'thumbnail descriptions' act as an initial

hypothesis that acts as a heuristic for the project to evaluate and critique with information collection and theoretical reflection.

4.1 Architecture

Product Characteristics

Architects design (parts of) the built environment. They thus play an "important mediating role … between the creative industries and the construction industry" (Samuel, 2018: 112). Doing so, they can have a considerable impact on what cities and buildings look like and even how people live. The range of products is very wide as architects may design residential dwellings, office towers, museums, stadiums (including their interiors), parks or urban plans, but they may also (re-)design kitchens of private homes or the interior of a small shop or restaurant. The products of architects, hence, display a large variation in terms of type, (financial) value, and (technological) complexity.

There is also another axis of differentiation and this related to the orientation of the design. Clients may prioritise low costs, reliability or social values or they may opt for cultural or aesthetic values. This orientation is reflected in the type of architectural practice. So-called strong-delivery and strong-service architectural practices are focused on low costs, reliability, and/or social values, whereas strong-idea practices focus on often more spectacular and even iconic buildings. These distinctions are, of course, not set in stone, but they do offer a way to understand the product variety and related business models of the practices involved (Kloosterman, 2008, 2010).

Forms of competition

Even with these different segments, we can frequently encounter horizontal differentiation whereby very different designs are offered for the same commission and, hence, more or less the same amount of money (Caves, 2000). This horizontal differentiation is also related to different forms of competition. There are possibilities for competing on price by exploiting economies of scale through standardizing the design and minimising local adjustments as can be seen what seem like off-the shelf designs of notably residential and office buildings. Many designs, however, are, basically, unique as they are customised to fit in with a particular local context and meet the demands of the client. Moreover, the actual design is often the result of a complex interaction between architects, clients and stakeholders from the private and the public sector. Notably, in the latter case we find that architectural practices often offer not just the design of these buildings, interiors, and landscapes, but also supervise or participate in the management of the construction and completion of design.

The market for architectural design thus shows a very wide range of variation along multiple dimensions. Related to that is a fine-grained segmentation of architectural practices with different business models and different strategies of competition. Type, size, and technological complexity of the project evidently segment the market. In addition to these, we also see further segmentation as architectural practices may pursue different competition strategies with specific configurations of price, service, technological competence or aesthetical quality.

According to the EY report (2014) Creating Growth, Measuring Cultural and Creative Markets in the EU (p.86), the mainstay for European architects is to be found in upon private residential development which took up about half of their revenues in 2012. The design of shops and offices counted for about one third in 2012, whereas the remaining 20% of the revenues was generated by commissions from the public sector, mainly for social housing. These figures give a rough estimate of the importance of different clients. The distribution may be quite different for different countries and, in addition, they may have changed as the effects of the financial crisis of 2008 were slowly overcome.

This high degree of segmentation of the market for architectural design contributes to the fact that there is usually a relatively small number of architectural practices that compete for a commission. There is, in addition, also an issue of information asymmetry as the practices themselves tend to have (much) better knowledge of their own capabilities in relation to the project than the client. Sometimes a client directly asks an architectural practice to come up with design. Reputation – local, national or even global – then determines the choice. The field of architectural design is also characterised by extensive system of prizes which help to create and foster reputations of both practices and individual architects. These prizes and awards may focus on thematic topics (e.g. design of schools, museums, or preservation like the Richard Morris Hunt for preservation established in 1990 by the Architects Foundation and the French Heritage Society or the Daylight and Building Component Award on Daylighting established in 1980 by VELUX, Denmark) or on career acknowledgement (e.g. the Pritzker Architecture Prize). In other cases, the market for architectural design typically works through "architectural competitions to select a design, competitions to select a designer and competitions to celebrate various kinds of achievement" (Samuel, 2018: 19). The price range for these competitions is often predetermined which implies that the proposed designs compete on other aspects. Forms of competition in architectural design are, hence, in many cases multifaceted.

The regulatory regime

The regulatory regime impacts on the architectural design in two ways. First, in many EU member states, the profession of architect itself is regulated. This may range from registration where architects have to register at an official registration board, to certification where the use of the title architect is legally reserved to those who have met the formal educational requirements, to occupational licensure where only those with the formal title of architect are legally allowed to performs certain tasks regarding the design of the built environment to protect the public interest Kleiner, 2006). These regulatory regimes are still first and foremost national and not EU-wide (Architectuur Lokaal, 2017). This also implies that the roles of architects may differ considerably across countries.

The same can be said with the rules and regulations pertaining to the built environment. Designs can travel across borders, but there are limits. The built environment is almost anywhere strictly regulated and rules and regulations may differ significantly between and even within countries and are often quite opaque. In addition, knowledge of local physical and socio-cultural conditions may hamper export of architectural services. One strategy to deal with different local circumstances in a foreign country is either to hire expertise from that country or to set up partnerships with local architectural practices or other firms.

Because of these barriers, mainly only large architectural practices work across borders and especially the small number of so-called starchitects who are responsible for eye-catching iconic buildings have a global reach (McNeill, 2009; Samuel, 2018). "Though a handful of international companies achieve sales of more than €50m, most architects work in small firms or are self-employed an are confined to national markets" (EY,

2014). Notwithstanding these difficulties, the demand for architecture is rising in emerging countries. China, India and Brazil offer serious growth potential for architectural services. Large architectural practices – strong-delivery, strong-service as well as strong-idea practices - from western countries including the EU, continue to dominate the market (EY, 2014).

Global production characteristics

In the CICERONE project, we focus on the design part. This means that we primarily investigate the creative phase and are less interested in the subsequent monitoring and management of the actual realisation of the design. The following stages, then, Stages of production in architectural design are relevant:
Creation: conception/ideas; key phase of architectural design Production: coming up with preliminary design Distribution/Circulation: participating in an architectural competition Exchange: getting a commission
Archive: Magazines, museums (including mock-ups)

Governance structures

Global production networks are not just neutral economic mechanisms of exchange, but are social configurations in which power does play a significant role. Architecture is realized by a combination of parties: architects, clients, construction firms, real-estate developers, financial institutions, public sector actors (e.g. planners), engineers, consultants and technical specialists. Architects have been losing ground to notably real-estate developers and construction consultant firms. Their scope of activities within the whole construction process has decreased (Samuel, 2018; Koetsenruijter & Kloosterman, 2018). The extreme fragmentation of the field contributes significantly to this process of erosion and the shift of the locus of power.

Selection of the cases

Within the field of architectural design, we can observe two poles. On the one hand, we see the large number of small and one-person practices (the latter constitute 74 % of the 565 000 architects in Europe, Samuel, 2018: 45) catering to local markets and embedded in relatively simple, short production networks. While on the other, there are the large international practices, globally active and capable of dealing with very large, complex projects and embedded in extensive networks which often cross borders as well. These two poles have to be considered to grasp how (global) production networks function within the field of architecture. This will also involve looking at patterns of relationships between these two
types and their dynamics.

4.2 Archives, libraries and cultural heritage

Product characteristics

Cultural heritage lies in the heart of the CCI sector and plays an important role in Europe's external relations since, with 453 sites, Europe is almost half of UNESCO's World Heritage List (European Commission, 2017). Cultural heritage makes Europe's identity, values and reputation visible, as well as providing a soft power on a global level (Voices of Culture, 2017). The cultural heritage sector comprises of a wide range of sub-sectors such as archaeological monuments, architectural sites, folklore traditions and archival material. Cultural

heritage forms part of the European Union's cultural identity and collective memory (European Commission, 2017). It consists of tangible, intangible and digital heritage, with participation in intangible and digital heritage are means to enhance participation and engagement of the citizens in Europe (Voices of Culture, 2015).

Cultural heritage is a strongly politicised sector due to its links with national identity and culture, and has a dual nature: cultural heritage as public good and cultural heritage as material culture, which results in having both an intrinsic and a commercial value.

Functions and types

Cultural heritage contributes to sustainable development in cultural, social, environmental and economic ways. It raises the attractiveness of urban and rural areas, enriches the quality of life in neighbourhoods and supports social cohesion. Learning and understanding the history of heritage creates a feeling of belonging, builds social capital, collective identities and can be seen as a wellspring for creativity. Viewed from an economic perspective, cultural heritage impacts on job creation with 300,000 jobs directly linked to the sector in the EU (European Commission, 2017; Voices of Culture, 2017; Europa Nostra 2015) and a spillover of 7.8 million jobs in related sectors (European Commission 2017; Europa Nostra, 2015), generates revenues from cultural tourism and increases property value. It safeguards historic monuments and landscapes, fosters sustainable development and can even contribute to combat climate change. (Europa Nostra, 2015: 19ff.)

There is also a wide range of EU funding related to cultural heritage such as EU Structural and Investment Funds (ESIF), European Regional Development Fund, European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund (European Commission, 2014). The cultural heritage sector is not only contributing actively to the EU jobs and growth by creating employment on a national level, but is also contributing to local and regional development by sustaining local crafts and traditions, the creation of new artefacts and reproductions and the sustainability of SMEs (Voices of Culture 2017). It is also producing about 26.7 indirect jobs for every direct job (the automotive industry equivalent is only 6.3 per direct job) and has made heritage tourism on of the growing sectors in the tourism industry (Voices of Culture, 2017).

Apart from that, cultural heritage is closely directed to human rights, which aim to guarantee cultural diversity and cultural pluralism. In that respect the UNESCO stated 2001 the "Universal Declaration on Cultural Diversity" advocating, inter alia, the access to cultural heritage for all and underlining the unique nature of heritage, which must not be "treated as mere commodities or consumer goods" (UNESCO, 2001). Heritage is not economic in the first place, but needs to be protected and maintained as it is unique, authentic, non-reproducible and grown over time.

There is an intrinsic complexity in the cultural heritage sector as a result of its multidimensional nature. UNESCO makes a distinction between cultural heritage – which can be either tangible or intangible and either movable or immovable – and natural heritage as well as heritage in the event of armed conflicts (UNESCO, 2019):

- Tangible movable cultural heritage (e.g. paintings, books)
- Tangible immovable cultural heritage (e.g. monuments, sites)
- Underwater cultural heritage (e.g. shipwrecks, underwater cities)
- Intangible cultural heritage (e.g. languages, rituals, food)
- Natural heritage (e.g. natural sites, cultural landscapes)

- Heritage in the event of armed conflicts

The Faro Convention of the Council of Europe divides cultural heritage on the one hand into "a group of resources inherited from the past which people identify" which includes "all aspects of the environment resulting from the interaction between people and places through time" and defines on the other hand a "heritage community" that "consists of people who value specific aspects of cultural heritage" and wish to "sustain and transmit to future generations." (Council of Europe, Article 2, Faro Convention). The EU Council Conclusion of May 2014 not only divided into tangible or intangible, but also into digital cultural heritage such as online archives (EUR-Lex, Council Conclusion, 2014/C 183/08).

Cultural heritage includes both products and services. Tangible products include concrete objects such as paintings, monuments, sites, etc. whereas services could include curation, guided tours and education programmes, among others. There are also many related sectors with products and services resulting from cultural heritage such as tourism, gastronomy, merchandising, traveling, security, insurance, marketing, etc. (KEA, 2017: 89). In addition to that, cultural heritage as a public good capturing and transferring cultural pluralism, cultural memory and history, is an intrinsic part of Europe's educational sector, offering jobs and services related to knowledge transfer, training, cultural skills in cultural heritage professions (European Union, 2019). It also inspires local entrepreneurs and fosters regional economy and cultural diversity (Vasile et. al., 2015).

Archives form part of Europe's cultural heritage, and act as repositories of culture, knowledge and identities, on a local, regional and national level and, hence, constitute sources of inspiration for cultural and creative industries more in general (see D1.3). Archives and libraries are of several different types: they can be physical, digital, virtual, material, public or private; reference only or lending, free to use or subscription/ membership based; and public, academic, children's, research, or audio-visual. Their services can be tangible or intangible and comprise of Curation, Cataloguing, Selection, Acquisition, Digitalisation, Accessibility, Lending, Information literacy skills and training. Their functions include capturing, collecting, keeping, producing, making accessible and creating history/ knowledge/ science, act as community hubs and poles of lifelong learning. Related business sectors to the archives and libraries sector are publishing, research & education, insurance, hardware & software (for archiving), security and transportation.

Cycle of cultural production

In comparison to other cultural products, cultural heritage is always unique and non-reproducible, grown over time and is foremost a public good, as it must be recognized by a community or public institution to count as heritage (KEA 2017). In the cycle of cultural production, the creation phase includes not only the physical creation, but the acknowledgment of the artefact as cultural heritage; creation of value already starts from this phase and continues throughout the cycle. The phase of production includes protecting, maintaining, digitising and managing. Disseminating cultural heritage means foremost communicating the heritage by promoting and marketing it but also by donating and borrowing in the case of tangible movable goods. The actual point of contact with consumers takes place in the phase of exchange, which can be in museums, archives, exhibitions or at festivals. Archiving is twofold and of particular importance as it includes both physical archiving in the sense of storing material in archives, databases, catalogues, etc. and symbolic archiving as preserving collective cultural memory and identity.

Table 1. The cycle of production in cultural heritage

Cultural heritage	
Creation	Artistic making/formal recognition as cultural heritage
Production	Managing, protecting and maintenance Digitization (as producing availability and access, ensuring the continuing valorisation)
Dissemination/circulation	Acquisition, promoting, marketing, communication, selling, donating, borrowing
Exchange	(Online) exhibitions, museums, festivals, archives, tourism, etc.
Archive	Physical archiving (online databases, sustainable development) Symbolic archiving (as preserving collective memory and identity through cultural heritage)

For the archives and libraries, the different phases are schematically presented in the table below.

Table 2. The cycle of production in archives and libraries

Archives and libraries	
Creation	Conceptualisation, building (physically and digitally)
Production	Acquisition, managing, protecting and maintenance Curation, collecting, cataloguing, keeping, storing Digitization (as producing availability and access)
Dissemination/circulation	Making the library accessible to the public Offering access to digital archive, lending and borrowing Acquisition, promoting, marketing, communication, donating
Exchange	Using the library/archiving, lending, making use of the knowledge
Archive	Developing systems of archiving material, metadata, etc. Symbolic archiving (as preserving collective memory and identity through cultural heritage)

Governance structure- Regulatory frameworks

Cultural heritage is a non-renewable common good whose preservation, restoration and enhancement are the responsibilities of society as a whole, including in the political, legal and administrative spheres (Voices of Culture, 2017: 3). It has, however, also a significant value for the economy with reference to its products and experiences. Governance of cultural heritage includes both the public and the private sector. Cultural heritage is mostly owned by the public and state authorities but can also belong to private owners or institutions (e.g. the church) – especially in the case of tangible goods such as paintings, or buildings. Whereas

in the public field, state authorities, associations and networks such as UNESCO govern and protect, private and commercial properties are more likely to be exploited by auction houses, the real estate market etc.

There are various international and national conventions aiming at protecting and maintaining cultural heritage. The first pertinent declaration of UNESCO was released 1972 in Paris, noting that cultural and natural heritage is increasingly threatened by social and economic changes, causes of decay, destruction and damage, which lead to harmful impoverishment of the heritage around the world. Apart from UNESCO, the Council of Europe (FARO Convention, 2005) and the Treaty of the European Union (Article 3.3) as well as the Treaty on the Functioning of the European Union, TFEU, (Article 167 & 107) developed a legal basis for the protection. Nevertheless, the major responsibility of safeguarding is incumbent to national or local/regional authorities, whose guidelines differ among each Member State and manifest in e.g. federal laws or preservation orders on local levels.

Inter-organisational relationships & related business sectors in cultural heritage are characterized by a multiplicity of actors on different levels. Voice of Culture (2015:7) identify four categories of key actors:

1) policy actors such as supranational institutions (European Commission, 2017; UNESCO, 2009), national and local governments and NGOs;
2) delivery actors such as national institutions, public sector organisations, venues and agencies, private institutions, charitable organisations, community initiatives and social enterprises;
3) professional actors such as professional associations, artists and producers, entrepreneurs, curatorial and operational staff, managers, consultants, advisers and researchers;
4) community actors such as community organisations, volunteers, local groups, audiences, visitors and citizens in general.

With relation to heritage professions, the Voices of Culture (2017: 7) identified four groups of actors in the heritage sector according to their professional mission or objectives: Policy, Expertise, Mediation and Public.

For the archives and libraries, regulation also comes from international associations such as the International Federation of Library Associations and Institutions (IFLA), which set standards, guidelines and practices for the sector, and other relevant associations related to particular sub-sectors of the archives and libraries sector such as the International Association of Music Libraries, Archives and Documentation Centres (IAML). Regulation is also exercised on a national level through laws and legislation relevant to the libraries and archives sector.

Impact of technology

The digital shift helps making cultural heritage more widely accessible to all citizens and supports the preservation. Online archives, catalogues or virtual tours facilitate research and archiving, but also help promoting and presenting the goods to visitors (European Commission, 2017: 87). One of the most prestigious projects is Europeana, the common European library, which includes digitised cultural heritage such as texts, photos, vinyls, photographs or films (Europa Nostra, 2015).

The concept of heritage has undergone transformations within the past two decades and now is a source of a more integrated approach, also as a result of the digital shift, and now includes the term emerging cultural heritage, which incorporates notions of broaden and more inclusive meanings of heritage, and is also reflected

in new professions and specialisations in the cultural sector coming from the fields of tourism, education, finance and project management, among others (Voices of Culture, 2017). Stakeholders in the area of cultural heritage have identified the need to update traditional skills so that professions in the cultural sector are adapting to challenges and changes (Voices of Culture, 2017).

The transnationality of the archives, libraries and cultural heritage sector is manifested in both physical and virtual ways, either by the physical travel of cultural goods such as paintings for touring exhibitions and lending, or virtual through digital access to the contents/ collections, such as in the example of Europeana. Traveling borders in the case of cultural heritage can also take place through migration, intercultural exchange and media consumption.

Digitisation remains largely in the hands of the institutions and depends on available funding and initiatives (Voices of Culture 2017). Technology may be providing the tools to make cultural heritage more accessible, but that is not always the case as in reality, copyright legislation frameworks are those that enable or disable access to cultural content. Digitisation and copyright act as gatekeepers for accessibility and availability but also for commercial use of content.

Case studies: selection rationale

Given the nature of the CICERONE project but also the complexity of the cultural heritage sector, our choice of case study is based on three parameters: representativeness, internationality and feasibility/ manageability. One of our choices with regards to the cultural heritage sector is the science centres and museums. The reasons for this choice are to be found in the association of cultural heritage with the 21st century as manifested in science centres and museums, the nature of activities taking place from curation to education programmes, the translational character as seen in their co-productions and touring exhibitions (such as for example the Leonardo exhibition of the Museo Nazionale della Scienza e della Tecnologia Leonardo da Vinci in Milan) as well as the relation to technology and the association with more sectors of the economy. Another possibility would also be the European Route of Industrial Heritage.

With reference to archives and libraries, our proposed case study is the Phonogrammarchiv of the Austrian Academy of Sciences in Vienna. The oldest sound archive in the world, launched in 1899, the Phonogrammarchiv enriches its collection through own fieldwork and Austrian scholars. We believe the research of the Phonogrammarchiv will be related to more sectors than a conventional library/ archive because of the AV nature of the archive and of the technology involved, will allow us to see the relation to technology, to research and its association to the memory industries.

4.3 Artistic craft

Artistic craft is a broad and a conditional concept with little overarching consensus of its definition. Rather, its definition often changes depending on the purpose of its intended use (Jakob & Thomas, 2017). The term has its origins in the British 19th-century Arts and Crafts movement who opposed mass-produced products, claiming that they lacked the artistic qualities a craftsperson, through skill, dedication and love to his/her work, gave his/her crafted goods. Craft activities represent a very varied set of manual activities, ranging from knitted fabric to musical instruments; from leather bags to jewellery. Not only is there a wide variety of craft

products, but also a wide variety of makers and artisans, from high-quality fine craftsmen, with highly expensive sought-after goods, to micro-enterprises and "mum- prenerus" (Ekinsmyth, 2011), who start a business "to do what they love" and to downsize their life style to fit family life (Luckman, 2015b).

Definition

"Products that are produced by artisans, either completely by hand or with the help of hand- tools or even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product… The special nature of artisanal products derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, religiously and socially symbolic and significant" (Unesco).

This above definition is by no means normative, but an example of how incredibly diverse the crafts industry is. Apart from these disciplines it is not uncommon to find furniture making, the making of luxury hand bags, lamps, shoe makers, soap makers or paper makers and candle makers etc. included in the concept of crafts. The defining aspect of the artistic craft truly lies in the nature of its design and production - that goods are made by hand (or with the help of simple machinery) either as single objects or in small batches (Thurnell-Read, 2019).

The inherent small-scale production of crafts does not hinder the industry to be have significant economic value and Eurostat statistics show an export of craft articles in 2016 equal to 719 million Euro and an import to Europe equal to 1062 million euro, with a negative balance of 343. Jewellery export-import has a positive balance of 4451 million euro (export: 10812 and import: 6360).

Dimensions of variation

As already mentioned, the craft sector contains an extensive range of variations. Following the methodological framework developed in previous deliverables (see in particular D1.3), the main products variation of the craft sector, have been identified as follows:

a) Types of goods. The goods that are produced within the craft sector are covering a very vast area, well exemplified by the definition of artistic craft that the British Crafts Council proposed in 2009, noting that artistic crafts encompass these disciplines: ceramics, glass, graphic crafts, heritage and traditional crafts, iron and stone, jewellery and silversmithing, musical instrument making, taxidermy, textiles and leather, toys and automata and finally wood. Another dimension of diversification of goods relies in their degree of tradition of innovation, yet, crafted goods can represent a product of heritage, tradition, history and local culture or can be characterised by a design- and innovation-led contemporary features (Jakob & Thomas 2017).

b) As the nature of the produced goods varies greatly, so does the intrinsic complexity of the product. What is of interest for our research is that the required labour, knowledge and skill needed for making can range between quite simple to very complex. In general, however, skill is the key element in craft and represent its very asset (Gibson, 2016; Jakob, 2013; Luckman, 2018; Sennett, 2008); as products can vary from very traditional to very innovative, the skills needed to produce them vary a lot. For instance, in the case of music instruments or traditional ceramics, skills and the process of making has not changed substantially over the last centuries although the crucial know-how is extremely specialised and acquired through years and years of practices. Very often skills, know-how, but also cultural sensibility and aesthetics, are linked to a particular milieu, where knowledge is mainly tacit.

c) Positioning on the final market. "Crafts can be found in street markets, retails of different kinds, tourism-related venues, fairs and galleries" (European Commission, 2017). In terms of variations, crafted products can be sold directly by the maker in his/her workshop, in markets, fairs, or through the maker's web-page, distributed by shops or e-shops, shared in auction houses

(virtual or not) and so on. The artistic craft industry production system is characterized by being small in scale where the craftsman or designer-maker can be solely responsible for the design, production, distribution and exchange of their product. There are also larger production systems where craftspeople-makers can come together and make a sort of guild to share production spaces, distribution channels and exchange design ideas. Craftspeople that enjoy success can have people employed to work in their workshops. Moreover, their position in the production cycle can diverge and they can work for a larger company as suppliers, or they can send their product directly to the final user (mediated or not) (European Commission, 2017).

d) The ability of the products to travel borders. Craft activities represent a highly important element of the creative industries, being a typically segment of the economy of sign and space which engages a strong link with the local culture and tradition, and incorporates them in a physical good, but also is able to reach the global market (Lash & Urry, 1994). Actually, the degree of entering the market depends largely on the creators' marketing activities and few crafted products have an intrinsically local market (e.g. musical instruments for traditional music, religious objects, traditional elements)

e) Context. According to Gibson "To understand emergent, craft-based forms of production requires a focus on place- and path- dependent histories and materialities of labour process" (2016, p. 62). Typically, craft-based production maintain strong links with a specific place and its history. These links are to be found in the cultural traditions, history of place and within the present local manufacturing labour. In general terms, the path- dependency of the craft sector is very evident as "[…] craft and maker scenes rely upon material elements: they nest in particular urban or regional spaces (with built landscape features and visceral memories of industrial heritage), extract value from the fleshy bodies of workers, use configurations of labour and technology in the physical production process, emphasize quality materials for which provenance is a source of distinction, and ultimately trade in completed physical objects" (Gibson, 2016, pp. 62–63). Importantly, crafted products are often related to particular places (Feagan, 2007) that give value to the product either because of the local craft traditions (namely violins made in Cremona, Italy), or because of the presence of a particular know-how, raw material, social and cultural capital. As a virtuous circle, territorial branding reinforces craft value and obtains reputation simultaneously from its crafted production. Moreover, context influences crafted production, and therefore, product variability, due to the presence of schools and, in general, educational institutions, but also with local museums, exposition centres, fairs and markets. This is linked to the empirical evidence that crafts activities tend to cluster, not necessarily in cities, but rather in more rural areas or smaller cities. Besides the links with the local milieu (Santagata, 2006), the "buzz" created in these artistic clusters, shared work spaces, suppliers and help with distribution, the closeness to nature, and the chosen lifestyle (Luckman, 2018), are the main reasons why this sector clusters. Finally, but by no means less important, the local regulatory regime can influence the craft production, with public supporting strategies, formal or informal guilds or associations (Jakob & Thomas, 2017).

f) Technological development. One of the very peculiar elements of the craft sector is that it embodies local history and tradition, but also is able to grasp the most advanced innovation: today artisans are on the frontier of the digitisation of manufacturing, using, experimenting and upgrading the digital manufacture sector (D'Ovidio & Rabbiosi, 2017; Luckman, 2015a). Actually, empirical research on the application of digital fabrication in the craft sector (Ratto & Ree, 2012; Ree, 2011) shows that even in order to 3D-print an object, one needs a significant amount of "skilful human authorship", since, "3D printers don't make things; people do" (Ree, 2011, p. 60). Moreover, Wood and colleagues (Wood & Rust, 2003; Wood, Rust, & Horne, 2009) developed a series of empirical analysis among craftsperson and user of digital manufacturing and found out that manual competences are necessary, but also that the manual skills of craftsmen tend to be renewed and transferred to new generation in the working environment modified by technologies, thus making the digital manufacturing a tool to keep such knowledge alive. Finally, the extensive use of digital platform for distribution, and in general digital communication technologies, allowed "homemade [to] meet big business" (Jakob, 2013), as they insert craft-based goods in very important and often corporate-driven distribution channels.

Input-output structure or the cycle of production

The input-output structure identifies the key economic activities that are necessary for the transformation of raw materials and other inputs into finished products. In the craft sector it is possible to identify the following steps.

Creation
In this step the craftsperson has and develops the idea of the product, the collection of products, the project. In the case of very traditional-based craft activity, this phase is based on local traditions and history.

Production
The actual making of the product. The idea of the object becomes real. It might be a rather standard process in the case of very traditional crafting, or the process can be, on the contrary, particularly complex, innovative or unusual, for instance if the craftsperson creates something very new, or adapts something following the customer's needs.

Dissemination
This phase has to do with the process of marketing and distribution of the product on different market places. In the craft sector it often means developing contacts with fairs and markets organisations, galleries, shops, auction houses, e-platforms. Moreover, contacts are developed between craftspeople and museums, art galleries and other archives (see infra). Overall, it means very often interactions with intermediaries: being them selling agents in shops, or manager of eplatforms, or agents of auction houses, an intermediation between maker and customer is very frequent. The regulation of the interaction between craftsperson and final customer is essential also when the craftsperson sells directly his/her products in the workshop, namely if the workshop is also a shop: the craftsperson has to interact with fair and festival organisers and curators, he/she might want to develop marketing strategies using the internet (websites and social media), he/she might use the services of a payment platform and so on.

Exchange
In this phase crafts products reach final users. This can happen in markets, in the crafts workshop, and it can be direct between craftsperson and customers or facilitated through intermediaries. A specific form of contact with customers happens for customisation of the products, which is very common among the crafts sector.

Archive
Crafts products are on display in museums and exposition centres, they can be part of the collections of technical education institutions, they can be part of the historical repertoire of local craftsmanship associations, they can be displayed in specialised magazines, books or other publications and, finally, private collections of crafts products are increasingly important.

Table 3. The cycle of production in the artistic crafts

Artistic crafts	
Creation	Having the idea of the product
Production	The actual making
Dissemination/circulation	Galleries, shops, market, fairs, e-platforms
Exchange	The contract with customers (which is very often directly with makers)
Archive	Museums, schools, associations, magazines, books, collectors

Types of governance structure

In order to draft the typologies of governance that characterise the craft sector, a discussion on value is needed. In particular, it is crucial to explore the creation of value, the capacity of which actors in the production cycle to accrue value and their capacity to capture it. In the following a tentative identification of the possible configurations of power-relations and governance is made looking at value in the whole production cycle of the crafts sector.

Overall, value in the craft sector is linked to the ideology suggesting a particular outlook on the world (Wagner, 2008, p. 1). Indeed, what binds different crafts together is that it is by definition made by, or in close connection to, the designer-maker/artisan/craftsperson. The products that are made are handmade, or made with the help of smaller machines and simple tools and are all originals or come in limited batches (Thurnell-Read, 2019). Currently, artistic craft is experiencing something of a zeit-geist or revival (Fox Miller, 2017; Luckman, 2018) and there has been a renewed interest in craft activities and artistic craft, both as a commercial and economic sector and as a life style (Gauntlett, 2011). According to Sennett (2008), there are many reasons in the contemporary economy to give a renewed look to the complex world of craftsmanship: the need of cooperation, the importance of innovation through open knowledge, the necessity of doing things with hand and brain, and so on.

As mass-production is increasingly scrutinized, artistic craft has become presented as a more local, human and sustainable alternative. “The more technology, mass-production and mass- consumption takes people away from tangible experiences, the more craft and crafts communities are galvanized due to their physical and psychological comforts” (Jakob & Thomas, 2017, p. 501). This also appears in Luckman’s 2018 interview study of Australian craftsmen, where several interviewees underline the direct relationship between consumer and maker as essential to the value of the product (Luckman, 2018). Knowing that someone made the product, by hand, especially if one has met the designer-maker adds to the experience of the crafted good. It is a version of how mass-produced goods can come in “personalized” options, but in a different way, more tangible and exclusive way. Some craftsmen also explained how the relationship with the customer continued after the exchange, where they could come back and get their good, such as a table, repurposed or renovated.

Therefore, we can say that value is created mainly in the first two phases of the production cycle, namely creation and production, where “aspects of materiality […] become resources that direct new geographies of craft production, in an era of cultural capitalism where authenticity is a key source of value” (Gibson, 2016, p. 65). Here, the process of value creation moves on a range which is broadly stretched between those goods whose production is relatively simple owing a very high cultural, symbolic and immaterial value, and those ones whose production is the source of value because linked to particular skill, know- how, materials, technology. In other words, value can be either produced in the creation phase or in the production phase, or in both.

Of course, other phases of the cycle production can contribute to the value creation: for instance, the direct relation between makers and customers, or the legitimation and (public) recognition to a particular product or maker given by museums, institutions or private collectors.

An important issue, when the global production network framework is applied to industries, is related not only to value creation, but also to value appropriation (and value accruing). In particular, what emerges from the

scan of the literature and a preliminary contact with the field, value can be mainly appropriated by intermediaries in the dissemination phase.

Important research questions are therefore related to who, within the creation/production phase, create value, and who appropriate it and how? Questions should also be raised about local context can be captured by those who own skills, knowledge, technology and prevent other from fully profit; or those who can access raw material and supplies create entry barriers to others. Other questions concern not only to the value appropriation itself, but also on mechanisms of value accruing by craftspeople, or strategies to dissemination/exchange which avoid the transfer of value to intermediation. It is important to stress that intermediation exists also when craftspeople interact directly with customers, because they have a website, they use systems for the on-line payments and so on. Moreover, issues to be investigated are related to the agency of craftspeople to be visible and their relation with (public or private) institutions. Again intermediation (through critics, journalists, researchers) can be crucial also at this stage.

Given the extreme complexity of variables, and the lack (as we investigated so far) of extensive research on value creation/accruing/accumulation along the production network of the artistic crafts sector, it is not possible at this stage to identify governance typologies, but to detect the main elements allowing us to investigate the governance of the artistic crafts industry.

The first one lies in the nature and strength of entry barriers. It refers to the complex system of mainly immaterial dimensions related to reputation, local culture, branding, know-how, skills, social and symbolic capital and so on, which craftsmanship can benefit from in order to create valuable products (the extent to which for instance, knowledge is shared, skills are transmitted or raw material is accessible); The second element is intermediation. The reference is here to all the agents (physical, virtual, individuals or companies) which connect the craftsperson mainly to the market, albeit other forms of intermediation can be relevant (i.e. between the craftsperson and a museum). A third element might be the use of new technology in the production phase, namely 3D printing and, in general, digital fabrication.

The selection of case studies will therefore take into account the three elements mentioned above: one case study will allow to shed light on the nature of entry barriers; the second one will let us understand the role and mechanisms of intermediation and the ways in which they are relevant in terms of value creation and appropriation; a third one will consider the effect of new technology in the inter-firms governance.

4.4 Audio-visual (film, TV, videogames, multimedia) and Radio

Product characteristics

The 2009 UNESCO framework for cultural statistics, used by the European Union 2017 report, divides the audio-visual sector into three main categories: Film, TV and Radio Broadcasting, Videogames and Multimedia. The film, television and gaming industries display a considerable variety regarding value chains and governance/management types on a sub-sectoral level. Digitisation in the audio-visual sector, however, has created a converging environment and a strong drive towards vertical integration which stimulates the emergence of large global conglomerates uniting film, TV and gaming companies (e.g. the Disney Corporation). Today these powerful global players turn into gatekeepers not just of the separate industries but

also of the entire sector. They often form oligopolies with strong market power that is unattainable for the rest. These global firms thus easily create value, capture value and become nodes of power and control - economic as well as cultural and political. The European representatives among these global players are few.

Film industry

Dimension of variations

In the EU, the film industry comprises multiple fragmented sub-markets, each representing an element of the value chain. The major subjects (market players) in the European film industry can be divided into several types.

First, there are micro, small or medium-sized companies, autonomous in organisational and economic regard and independent market participants. The role of the independent producer is a leading one in the European audio-visual policy, where "Audio-visual media services are more cultural than economic ones." (Directive 2007/65/EU), and cinema falls explicitly in the "cultural exception" column. Independent producers are also the most numerous organisational forms in the European film industry. They are participants in the creation and production stage and control the film's commercial exploitation. Recently, they are also trying to enter the distribution stage, with the same firms registering a second company aimed at the distribution stage. Their participation in this sub-market has not been, on the whole, a success. Independent producers rarely have a portfolio (a catalogue) of several films in development and production, and most often work on one, which makes them vulnerable on the market. Very often they also work on the TV and advertising market as a means of financial stability for the company. Not all European countries accept the "under the line" costs, that is, the company support costs, as part of the film's budget.

Secondly, there are several major film studios in Eastern and Central Europe offering a full closed cycle of production services - Barandov, Bufthea (horizontal integration).

Thirdly, we can also distinguish a limited number of major European producers with vertical integration (production-distribution and/or screening) - Pathé, Nordisk, UGC, KIVIC. They have over 5% market share in production, distribution and / or screening on the European market (KEA, 2017).

The production companies' network with a strong national dispersion, the concentration is primarily horizontal (at the production stage), vertical concentration is an exception. Territorial concentration exists in larger cities where the emergence of audio-visual clusters is also possible.

Input-output structure or the cycle of production

Value is created primarily at the production stage but is also added at the distribution stage via product marketing and advertising. Distribution, as an intermediary between the producer and the user is key for rendering product value. Displaying on the big screen may create additional marketing effect and added value through the viewers (word-of-mouth dissemination or the influence of the so-called reference group as a factor of demand). Additional value is created by the new technologies, as well: reducing the shooting time and the product cost and increasing the viewer's enjoyment (3D, Dolby stereo, etc.). Stages of production:

Creation

Ideas/development/writing script and creation of a screenplay, pre-financing. At this most risky stage of the idea development, attracting stars to the team also attracts interest in the pre-financing of the film. Thus, the monopoly rent (the "the stars pyramid") pays off with greater trust from the green investors.

Production

Shooting and the post-shooting process, film financing, involvement in content production, negotiation of commercial agreement for distribution and post-production, as in editing sound-tracking, (ibid). Key power here has the producer providing the funding. Possible sources: the state through specialized funds - EUR 2.1 billion per year (ibid), TV broadcasters, distributors, credit institutions, private investment (the latter as an exception in some countries). Power (under certain conditions) is also held by those who invest. A unique product is being created, a very capital-consuming one and with a high investment risk.

Distribution and Exhibition – Physical distribution

Cinemas/national territorial distribution, broadcasting and cable retransmission / Cable TV, Pay TV Free to air TV/; Online distribution – digital distribution via over-the –top services and VoD (ibid). Distribution has key meaning for assigning value to the created product. Distributors buy the commercial screening rights. They can add extra value via product marketing (for example „Cinema Secret “) (ibid). Small independent distributors dominate the market, which are only nationally represented and do not guarantee international screening. In the separate national markets, there are usually a few large distributors (oligopoly structure) and many small distributors. European distribution companies with an international activity are few (Pathé Distribution, UGC, Kinepolis Film Distribution) (ibid). Digitisation has created new distribution opportunities, creating new distributional windows. Still, cinema remains the best realization window. Although it does not generate the highest revenue, this is a window that adds the most extra value via the film’s marketing and promotion. The highest profits come from the paid TV channels. Revenues from digital channels –VOD - have a future but are now only 5%, but they are a good marketing channel. (ibid).

Archive- video library, digital archive, educational aspects, cultural heritage

Possibility for adding value via re-selling through specialized platforms.

Types of governance structure

In the film industry’s structure of power and control several key aspects can be observed. The film industry in Europe is underfinanced. Although the budgets of the films that are being produced may range from EUR 300,000 to 11 million (ibid), the sector is heavily dependent on state funding. Producers cannot reduce costs since they are not part of vertical integration and state funding has a key role. The state also forms the legislative environment for the sector in the separate countries. TV broadcasters and distributors involved in pre-financing (development stage or later, as co- producers) also have control over the product and future revenues. The producer, as an authorized entity holding the commercial copyrights, also has strong power and control over the value chain both at the production stage and with the subsequent copyright use.

Distributor companies have a strong power role, especially if they have vertical integration with the screening (the cinemas). They can define the screening conditions, and also create and form demand, making supply policies. The European market at the distribution stage is with the predominant presence of representatives of

the leading American distribution companies (the big six -20th Century Fox, Warner, Paramount Pictures, Columbia, Disney, Universal). They receive 63% of the box office of the European market (ibid). There is scope for collective action among workers to influence the labour conditions.

From an institutional aspect, two focus points are being outlined. First, the state, through the financing form and the rules definition for this specific market in the creation of an economic (e.g. producer support rules) and cultural values (e.g. the existence of a culture test related to tax incentives or other forms of economic instruments). Secondly, the distributors who are emerging as gatekeepers of the market. They are mediators that may capture some of the value, but they add value as well. Much of the added value has explicit cultural dimensions projecting images which reflect particular approaches to societal issues. That is why the leading presence of the major American distributors on the European market has not only economic parameters.

Small production companies cannot control the film's screening and distribution. Without public funding, sustainable development of film production is impossible. But state funding is focused on production and not on marketing and distribution. This fragmentation of the market and the under-capitalisation of production is a major problem on the European film market.

TV and Radio Broadcasting

Dimension of variations

The main content producers (market players) in the European TV industry are:

- Public television broadcasters (state budget financing, from fees or taxes);
- Private TV broadcasters (commercial). Pay-TVs fall here as a separate niche, most often offering premium content. They also have the highest earnings in the sector.
- Independent producers;
- OTT (e.g. Netflix, HBO) - new players on this market, content producers and non-linear service providers; and
- Telecommunication companies that also start entering the content market from the position of distributors.

Processes of capital concentration (a reflection of the global media convergence) are happening in the TV business. There is a vertical capital integration among TV broadcasters - entering the radio industry, online media but also horizontal engrossment (Sky/Comcast, Eurosport/Discovery, merger of cable broadcasters), while among the independent producers concentration is above all horizontal.

Several national private TV companies and TV broadcasters tend to dominate the separate national markets which usually display an oligopolistic structure. Despite European quotas for creating content by independent producers, their survival is difficult as powerful multinational encroach upon their markets. The power of these national TV firms are primarily related to the size of the domestic market with large firms located in Germany, France, Italy, and Spain. Globally, however, only nine of the European audio-visual groups are among the top 50 in the world (EAO ,2019).

Public broadcasters are a majority among the top 100 players on the European TV market, but they have declining revenues and market power. (ibid) Most of them have limited opportunities for vertical integration. Content creation and its aggregation in a program is subsidized, but the rest of the chain is private. Very often, they are united in search of funding for better and bigger productions (e.g. expensive TV-series). Public televisions have a special place in the European audio-visual policy and their activity and funding is tied to their public mission.

The market share of audio-visual groups of American origin is very strong (Sky/Comcast, NETFLIX, Discovery, Amazon, Viacom,Qurate,21 Century Fox, AT&T). They generate 26% of the revenues of the top 100 European companies, and if public broadcasters are excluded, the proportion increases to 41% (ibid). Most often, they provide local versions of their programs.

This market was invaded particularly strong and fast by the *OTT* content creators, SVOD services providers. A certain slowdown in this type of services in Eastern Europe is being observed. The OTT players dispose with billions worth of budgets to create their own content. For example, NETFLIX is the 9th largest audio-visual revenue group in Europe, and Amazon is at number 18.

Input-output structure or the cycle of production

Creation
Content /script writers, journalists, presenters.

Production
Content production – in-house production, external production/series, films/, advertisement production; Service aggregation (broadcasting) – private and Public; Content aggregation (VoD, catch –up, podcast), (KEA, 2017). Aggregation of a program, branding. Here is the base value is created. The aggregation in a program is a kind of branding that creates additional value. Offering distribution of a complete program allows for a stronger position regarding the distributor, and when offering a set of programs there is a possibility of forming pressure for a higher fee.

Dissemination
Pay TV management and marketing, OTT management and marketing. A key significance. Many new players are coming in. They are mediators who capture some of the value but also add value through advertising on social networks. A strong presence of the global audio-visual platforms. But still, the most profitable one remains the first distribution window.

Transmission
Analogue, digital and online transmission (distributors and broadcasters are negotiating the conditions for the transmission of a television signal to the final consumer).

Archive
Digital archive, video library, possibility of re-selling through specialized platforms, educational aspects, cultural heritage. Digitisation has led to a strong dilution of the roles and stages in the sector, and it is also more difficult to highlight the role of each stage and each participant in the value creation, NETFLIX is part of the pay-tv packages but it also produces its own content and is already cooperating to create content,

besides being a global distribution platform. The so-called. hybrid chains appeared as well. Vertical integration in the sector has further contributed to this (TV broadcaster – distributor- OTT player).

Types of governance structure

In the power and control structure in the television industry, we can distinguish several key actors:

- *The state*: as a creator of rules for regulation of the sector (screening quotas, ethical regulation) and an important financial source for public televisions.
- *Advertisers and viewers* ("active audience"): the two financing sources for commercial broadcasters. There is a general trend towards Mainstream, in order to reduce the risk of high investment costs. Striving for sustainability through increasing advertising revenues is an additional catalyst to homogenize content (non-homogeneous product but increasingly homogeneous content).
- Multinational audio-visual corporations that oligopolise the market: they offer expensive and quality content, hold the rights for large sports events or international reality shows' license rights.
- Distributors: growing power for firms which control large chunks of distribution networks (including OTT players).

Multimedia and video games

Dimension of variations

Digitisation has been a crucial development in the multimedia sector, which has been profiting from the development of digital technology in the cultural and creative industries. The multimedia sector is an exceptional case within the cultural and creative sector when it comes to digitisation, since its products have always been digital per se. Video games are the largest growing sector in online CCIs. (KEA, 2017).

The main entities in the gaming industry are related to the types of games that fall into several types depending on the hardware that is used to play them:

- PC games. Dominating company - Steam, developer - Valve.
- Console games. This market is dominated by major hardware manufacturers - Nintendo, Sony, Microsoft.
- Handheld-based games. Played on portable consoles. A major manufacturer - Nintendo. Attempts to enter the market by Nokia and Sony.
- Mobile games. Played on a smartphone, tablet. Mobile platforms for sale or free use - the platforms are Apple's IOS and Google's Android. Revenue through several business models: pay per download, subscription, free game ("freemium") or promotional support.

The different kinds of games have a different history of appearance and today they are developing with different dynamics. The biggest revenue and force of growth is being made by the mobile games, which in 2016 for the first time outpaced the revenue from console and computer games (Chan,2017*).*

In the gaming industry, hardware manufacturers are often associated with the software producers. That is why the sector is characterized by vertical integration between gaming developing studios - game producers and

the game's hardware manufacturers. Mobile players diversified this vertical chain, making it possible for developers themselves to reach the market on their own, offering their product (game) on free platforms (Apple's IOS and Google's Android). Mobile games broke up this vertical chain, making it possible for developers to reach their own market, offering their product (game) on free platforms (Apple's IOS and Google's Android). This market diversification and overcoming the oligopoly in console and computer games has allowed European firms to enter the gaming industry.

European presence in mobile games (KEA, 2017):

- Mainly at the development stage, i.e. during the creation of the game. These software creators make the so-called middleware - the connection between the operating system and the software application or develop a game engine i.e. the software for designing and creating the games. For the most part, these are independent developers or independent studios with a particularly strong development in recent years in Eastern Europe. An explanation of this new territorial location can be found in good education and the low labour value in this part of Europe. The specialised financial instruments that support the sector also have a role.
- One of the major publishers -UBISOFT (France).
- 4 of the 15 largest developers-publishers of mobile games are European.

Input-output structure or the cycle of production

Creation
software development/in-house or external. The most important stage in creating value. If the developer is independent, they own the intellectual property and if they are part of a studio, the intellectual property is owned by the studio.

Production/Publishing
Marketing of the product; production – physical – for retail, console, PC, handheld; Production - online/mobile – for mobile Appstore, PC and console (KEA, 2017). At this stage software and hardware are united and value is added along the way.

Distribution/trade
Physical – retail management; online/mobile distribution; marketing-social media. Adding value via the game's marketing and promotion to gain visibility among the many products available. Here the brand gives sustainability, good management, provides logistics (if there is a retail store, e.g. for the consoles). In mobile games, such opportunity is provided by Google and Apple's platforms, as well as many other small and less popular digital distributors.

Exchange/transmission
Online/mobile consumers. Users have a powerful role in the creation of mobile games. They are united in a social community (resulting from the fact that games are often played in a team or in a network with a partner). Their opinion of the game's demo versions creates added value: it improves the product and is a form of marketing and promotion.

Archive
Digital archive, video library, possibility of re-selling through specialized platforms.

Types of governance structure

In the power and control structure in the gaming industry, we can observe the following patterns. Game developers have control over their product and over the entire value chain in mobile games. In older types of games, several major manufacturers, software and hardware publishers, dominate and control globally, although there are multiple medium and small manufacturers on the market as well. The dominant companies have created vertical integration.

Distributors' authority varies depending on the game type:

- Computer games are dominated by a big company (Steam).
- Console games are dominated by three big companies - Nintendo, Sony, Microsoft.
- In the youngest mobile gaming market, there are many distribution channels and many platforms but two are the ones that give visibility to Apple and Google. They have different forms of openness and accessibility to the users. They also have forms of vertical integration that go beyond the gaming industry and reach the film, television and telecommunication industries.
- The role of the state in this strong market sector is limited to creating a stimulating environment.

Case studies rationale

Each one of them presents *variations* in the audio-visual industry with a different focus: small independent film manufactures grouped in a cluster, European public TV and Radio network, private broadcaster which is a part of a European and global media network; a leading European studio for video games development.

Each case is part of a network which reveals the value chain and the distribution of power at various levels - at regional and national level (the Audio-visual Cluster in Sofia with Focus on the Film Industry), national and European level (European Broadcast Union (EBU); national, European and global level (UBISOFT Sofia / Ubisoft France); national, European and global level (bTV - bTV Media Group - Central European Media Enterprises).

Each case study starts from the dimensions of the particular *company(-ies) in order to reach the characteristics of the network and the sector* of which it is an element.

European Broadcast Union (EBU)

European Broadcast Union (EBU) was founded in 1950 and is the largest national broadcast association in the world. The EBU is the world's leading alliance of public service media (PSM). With 117-member organisations in 56 countries in Europe, North Africa and the Middle East, EBU bring broadcasters together to share content, knowledge and inspiration.

"EBU's role is, among other things, on behalf of the members, to negotiate rights to broadcast major sporting events, organise program exchanges, stimulate and coordinate co- productions and to offer members a range of services of, for instance commercial, technical and legal nature. Services to Members range from legal advice, technical standardization and development to coproduction and exchange of quality European content." EBU Media supports Members with distinctive public service media content and guides them to reach out and connect with all audiences (EBU Eurovision news):

- *News Exchange* - around 120 every day - provided by trustworthy, reliable sources.
- *Music Exchange* - with around 3,000 concerts by both leading and emerging artists shared every year, this is the world's largest offer of live music
- *Co-productions* - produced content aimed at young audiences and families which helps demonstrate the rich cultural diversity offered by PSM. The EBU Co-production Fund has been developed to assist this.
- *Sport rights* - EBU Members operate nearly 2,000 television and radio channels alongside numerous online platforms. Together, they reach audiences of more than one billion people around the world, broadcasting in more than 160 languages. Eurovision Sport manages the media rights for 18 different sports on behalf of EBU Members, handling more than 30 different contracts every year. (EBU,2019)

Ubisoft Sofia

Established in 2006, Ubisoft Sofia, one of Europe's leading video game companies (part of Ubisoft, France), already has a rich portfolio, varying from different categories video games, and covering a wide range of platforms and technologies. Ubisoft Sofia is part of one of the world's largest video game companies – Ubisoft, France. Ubisoft Sofia is the AAA studio (for high level developments). They have their own very successful global project Assassin's Creed Rogue. After 13 years and more than 16 released games, they are increasing its teams almost six times to 220+ people (developers, artists, designers). The revenues of the Bulgarian company "Ubisoft" for 2017 reached 11.6 million BGN and for the global company Ubisoft - 1.73 billion euro for 2018 (Nikolov, 2019). In the beginning, the company has to develop on an almost non-existent market in Bulgaria, but today the Bulgarian gaming industry has built a complete ecosystem. At present, there are over 60 game development companies in Bulgaria with more than 1,300 + employees. Bulgaria is among the best IT outsourcing destinations in the region - three of the biggest gaming companies are represented in our country - UBISOFT, Gameloft and SEGA. We have our own success stories - the creators of Tropico Series, Victor Vran and Tsar are Bulgarian games. One of the best MMORTS studios in the world is Imperia Online (Kadinov &Velinova,2018).

Also, two universities provide master's degree in this subject. The potential of the sector is also acknowledged by the mobile operator A1 Bulgaria, which organises the A1 Gaming League - https://www.a1.bg/gaming. Bulgaria is part of the Global Game Jam Network and we have Sofia Game Jam. And within the framework of the event there is also a Game Industry Job Fair. In Sofia is the Southeast Europe Center for the ESL Electronic League. In March 2019, the Bulgarian team Windigo Gaming became champion of the *World Electronic Sports Game*s (WESG) in China.

bTV

bTV (bTV Media Group - Central European Media Enterprises - Time Warner - AT&T) is the first Bulgarian private national television. It was established in 2000, and has retained leadership on the media market ever since. The television unit comprises six channels - bTV, bTV Action, bTV Cinema, bTV Comedy, bTV Lady and RING. They are broadcast in 16:9 format, and are distributed in the networks of cable, satellite and IPTV operators BTV is part of the bTV Media Group. Television channels, radio stations, digital platforms and a company for movie productions distribution are in the portfolio of the bTV Media Group.

bTV Media Group is part of the Central European Media Enterprises family (CME), which is also the majority owner of the Bulgarian media group. The company was founded in 1994 and, apart from Bulgaria, it manages leading media companies in the Czech Republic, Romania, Slovenia and Slovakia. These operations include 30 television channels broadcasting to approximately 45 million people across our five markets (CME). CME is owned by Time Warner (one of the largest media groups in the US), which holds about 75% of the company's shares. In February 2019 Time Warner and AT & T (the largest US telecom company) merged. This merger also effectively changed the ownership of BTV.

Sofia Audiovisual Cluster centred on the film industry

This future case study focuses on the independent producers in the film industry and the role of the state (at local, national and European level), which has the power to determine the rules of the film market. The established network of companies has created a significant added value at the Sofia region level. Based on valuing and research of the potential of the concentrated film and TV clusters in Sofia, the city has been awarded in 2014 the title *Creative city of Film within the UNESCO Creative Cities Network*. By joining the UNESCO Network, cities commit to collaborate and develop partnerships with a view to promoting creativity and cultural industries, to share best practices, to strengthen participation in cultural life, and to integrate culture in economic and social development plans.

The results of the CCI mapping in Sofia show economic and social spill overs, and on a cluster formed by natural concentration of audio-visual industries in the capital of Bulgaria – Sofia. It is based on data monitoring and analysis over the period 2008-2015 (OCE, 2017).

The above-mentioned research has assumed the bottom-up created audio-visual cluster in Sofia, focused on film industry. It can be considered as an economic spill over effect of the concentration of audio-visual industries on the city's economy and employment (Tom Fleming CC et al., 2015). The observed cultural and creative enterprises on the territory of Sofia Municipality are very often related by a common creative process. Hence, they represent the different elements of the value chain, use common and spill over resources. These production characteristics form elements of a network structure, which could develop horizontal and vertical connections and to for form a cluster. The geographical concentration is an important prerequisite for that. All the above supports the thesis that based on the dynamic market development a cluster of film industry was formed in Sofia, where 97% of the turnover and value added of film industry is being created, as well as 86% of the employment and 77% of the film organisations are located.

4.5 Design

Design plays a central role in the knowledge and creative economy as it brings ways to create and add value to products and services. For this reason, many activities are becoming intensive in design. Some examples are car manufacturing, food industries, urban planning or city branding, amongst many others. In fact, design is part of the production process of many products and services and it can be integrated in the company or outsourced. It is in the design sector where the distinction between creative sector(s) and creative activities become of paramount importance.

Product definition and content characteristics and variations

In terms of sectoral analysis, design has been approached and defined by including the design consultancy sector, graphic design, interior design, packaging design and many other activities. 'Design and design skills are at the heart of the fourth industrial revolution' (Design Council, 2018, p. 6). Other definitions have included three different subsectors: fashion design, industrial design and graphic design (Lange & Schüßler, 2018)[1]. It is in this sector where the currently increasing *aesthetification* of the final demand represents a demanding daily challenge. Companies and designers constantly need huge dose of innovation on their R+D schemes to be kept as part of the supply side.

The analysis of the sector in this report follows this distinction, focusing specifically on fashion and industrial design, which are closely interrelated sectors, in which we find vertically-integrated companies as well as small and medium-sized companies bringing their designs. The sector as a whole allows for a remarkable degree of variation in terms of products and services, their complexity, the positioning in the market, and their positioning in the market.

As mentioned, products and services offered vary, including final products and consultancy services. In this regard, design companies can produce their own products or sell their design services to other companies. Besides, large companies oriented to goods production can become intensive in design, focusing on giving value to products and services through design and branding and less on production itself. The diversity of products is wide, including clothing, accessories, furniture, small furnishing items, small and large kitchenware, lighting, etc. as well as intangible products as webpages, logos, corporative images etc. (Bertacchini & Borrione, 2011). In terms of services, the sector includes the provision of overall brand and corporate identity, new product development, or the design of specific industrial components. These services are offered to companies in other sectors, but in some cases the design activity is closely integrated in the sector. This is the case, for instance, of fashion industries which being a part of the overall clothing sector, develop and lead the design activities inside the sector. Moreover, they can also expand to other design sectors such as interior design.

a) **Variety of products and services.** The variety of products and services brings us to the question of the intrinsic complexity of products, which denotes a high degree of variation. One the one hand, design can add value to a simple product in different ways, for instance through packaging or branding. Simple shirts being designed and branded by high-end companies or kitchenware branded with a famous cook are examples of this kind of products. On the other hand, there can be complex designs involving the use of different materials. In this regard, design activity can be understood as a process combining applied art and applied science to improve the aesthetic quality of a product (Bertacchini & Friel, 2013) bringing high complexity to the product. Finally, it is important to stress the existence of processes of transfer from complex designs to mass production through the simplification of designs and the re-working through different ways (imitation, adaptation to a local market, or replicated) (Weller, 2007b).

b) **Positioning in the market**. The above is connected with the positioning of products in the market, as designs for the high-end industries become often popularized through these processes. In fashion industries we find high-end industries and large retail companies which copy designs at a lower cost. In furniture and interior designs, we find a similar example with high-end furniture design companies and

[1] Some authors include architectural design in this definition, but in the framework of CICERONE we analyse this sector separately

mass-production companies like IKEA, which downgrade the final quality of the product but add other features, in the case of IKEA, in terms of packaging and transportability. The positioning of the product influences the production network as industry organization varies between high-end and mass production, as can be seen in the analysis of fashion industry in Milan (d'Ovidio, 2015).

c) **Cross-border activity**. In principle, design products are all able to cross borders, but there are different elements to take into consideration. Firstly, a relevant issue is the ability of the company to distribute the product globally and to land in different markets. Secondly, there is an issue of style that influences designs and their capacity to cross borders and adapt to the local market characterised by particular traditions, norms and habits. For instance, a certain degree of adaptability can be seen throughout the extent to which "ethnic" fashion travels back and forth to India as well as in the role of consumers also in influencing the design of clothes (Jackson, Thomas, & Dwyer, 2007). Cultural differences in the use of dwelling space can influence the interior design capacity to reach different markets but at the same time, designs rooted geographically can be branded and travel easily, for instance Scandinavian design.

d) **Regulatory regimes.** The capacity to cross borders is linked to the regulatory regime of the context. From a sociological point of view, the regulatory framework includes not only formal regulations but also informal relations and institutionalised norms and values that influence the production and distribution. In terms of formal regulations, design activities are highly influenced by copyright laws and patents protection, which until recently were strongly regulated at national level but they are becoming integrated at European level. Copyright and patents have protected designs nationally and controlled processes of reinterpretation of designs. In many cases, and especially in the fashion industries, the delocalisation of production processes can be understood as a mechanism to evade certain regulatory regimes in terms of work legislation (number of hours per day, holidays, social security, etc.).

e) **Local embeddedness**. Local traditions and embeddedness of design activities in certain countries and regions are also relevant elements of the regulatory regime. The city or place of settlement can provide 'spaces and channels for the negotiation and communication of immaterial value, as well as industrial systems geared to boost innovation and efficiency in product development and production" (Jansson & Power, 2010). An example of this issue is the relevance of the *made in*. Long trajectories of design activities in certain places usually represent the existence of strong actors clustered (involving vertical and horizontal relations) that actively collaborate to brand their city, region or country in order to give added value to their products, branding them as part of a tradition and reputation. At the same time, these places offer an attractive set of spaces and channels for the negotiation and communication of immaterial values (Jansson & Power, 2010) and promote innovations along the value chain. In this regard, the organisation of fashion weeks and fairs is a key element to consolidate these capacities (Weller, 2007a). Local, regional and national regulatory frameworks influence the capacity of the organisation of global production networks also in terms of organisation of labour and relations between small and medium-sized companies in the one hand, and large companies in the other. Additionally, the adoption at the local level of international systems of standardisation such as ISO norms to acknowledge and guarantee a certain degree of quality not only in the product but also in the process also apply in the design sector denoting a degree of variation in the standard achieved.

f) **Technology development and innovation**. Finally, as many other creative sectors, design activities are strongly influenced by technological development, the use of artificial intelligence and innovation in the stages of prototyping, production and dissemination. New technologies allow for new ways of prototyping

which can be reached by large and small companies. 3D printing or simulator software make possible different forms of prototyping, technological development allows also for new forms of production on-demand and better coordination between different parts of the production network. In dissemination, digital platforms are salient in the selling of designed goods and to promotion of services abroad, but the role of these digital platforms in the extraction of values is also a relevant issue.

Cycle of production: input-output structures

Table 1 approximately summarizes the added value chain in the design sector. As the sector includes a wide array of activities and products, this is a very general description and requires further research.

Table 4. The cycle of production in design

Design	
Creation	Designing a new product or part of a product through experimentation, prototyping and testing. Creation might take place in research and development departments inside large corporations or outside in small entrepreneurial initiatives. In design, a large percentage of added value production takes place in the initial step of the value chain.
Production	Producing the tangible good (clothing, accessories, furniture) or programming and developing the intangible good (website, corporative image through different platforms…). Due to labour costs and regulations, production often takes place in countries with softer regulations on work and environment. However, certain production processes also take place in Europe.
Dissemination/circulation	New designs are usually exhibited in international events such as fashion shows or international fairs and they are distributed in physical shops and online platforms. In fashion industries different brands might also be owners of their means of distribution (shops or franchises) whereas in industrial and interior design we can find specialised shops selling products from different designers/brands as well as some brand-owned shops. In the case of intangible goods linked to graphic design, they are distributed through the internet and the distribution of branded goods by different channels.
Exchange	Exchange is developed throughout stable channels where reputation plays a key role but also through events where companies might be looking forward new expertise and talent. Exchange might take place directly with the customer but also represents an essential part in between companies. Advertising and marketing strategies are key to inform the potential users of the added value that (new or renewed) design incorporates. The role of intermediary actors is quite relevant as there are specialised journals, websites and specialists connecting designers with the audience through their assessment. The relevance of customer feedback on prototypes in early steps of the innovation in design is increasing in many large corporations. Similarly, digital platforms such as Instagram or specialised blogs and their use and

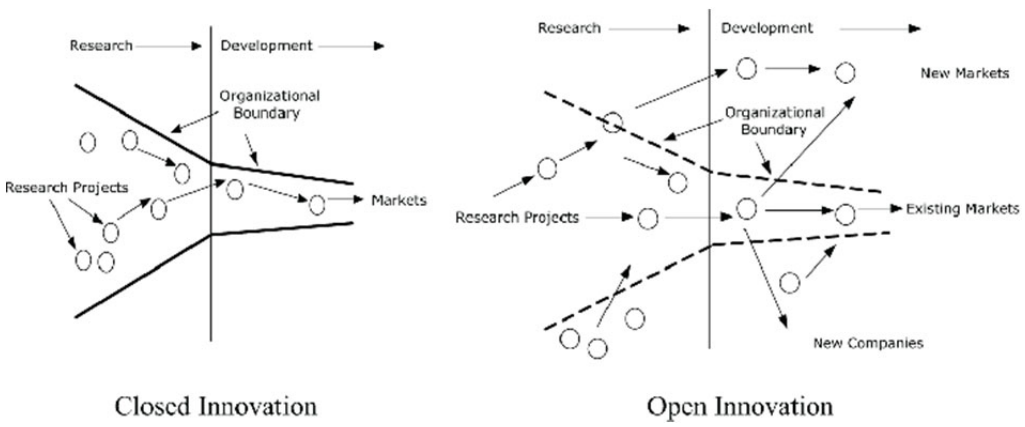
	advertising by popular bloggers or *instagramers* have become an essential tool to connect with potential final customers. Thus, this direct relation between design producers and customers gives more value to the product and ensure positive reactions.
Archive	Private archiving by companies is relevant, but also public and private design hubs, museums, design schools and libraries can play a role in archiving design activities as cultural goods. As design activities are often embedded in specific cities or regions, there are often efforts to archive local design as part of the promotion of the overall sector. Old designs are often used as a material for new creations.

Governance structures

Because of its complexity, the global production network of the design sector includes a variety of actors that are involved in one or more parts of the production cycle. Traditional theories of industrial organisation (Stiegler, 1983; Schmalensee, 1988) aim at understanding market and firm behaviour in a non-competitive market. Elements such as barriers to entry, transaction costs or limited information have been deeply explored to better discern the position of the firm in a particular market. Global networks of production show elements related to this approach. However, we aim to focus of the power relation between companies and other actors involved in the network. This relationship might be determined not only by their position in the network and the production cycle but also by particular regulations at the local scenario, by the degree of adoption of new technologies or by the role of third parties (such as customer engagement or social media), among others.

It is difficult to stress power relations between actors and to show a clear picture of governance structures. At first sight, a typology of actors shows on the one hand, large, vertically integrated companies and, on the other, disperse companies of all sizes focusing on a specific part of the value chain. The increasing relevance of processes of open innovation in organisations (Chesbrough, 2003) (See Figure 1) and in particular in those related to the design sector, generate questions regarding the balance of power between small and large actors, between those companies integrating the whole added value process and those just developing a specific part in the chain, between traditional targeted markets (and therefore distributors) and emergent markets or segments as new destination for (new) products.

Figure 1. Closed versus open innovation (source: Chesborough, 2003)



Besides, an additional powerful actor in determining value and then becoming central in the GPN is the design critic and the specialised press and media in the field, which can strongly influence the dissemination of a new product and the reaction of the audience to it, becoming practically a barrier (or not) to entry in the market. Customers themselves increasingly play a key role in determining the value not only through their purchasing power but expressing their opinions in the media and social networks.

Departing from this we can sketch two different governance structures in the design sector, to be explored in further research. Besides the power distribution along the chain there are certain dimensions that deserve to be explored to better configure the governance structure of the design sector, for instance, size of the firms, degree of innovation, degree of outsourcing or indoors production, vertical or horizontal integration, etc.

Thus, we can distinguish between:

a) **convergent control or decision-making power concentration**: production networks in which a single company is controlling and developing the most or the whole production cycle with scarce participation of other companies in terms of decision-making power and;
b) **divergent control or decision-making power dissemination**: production networks in which there is a greater plurality of actors working in the different parts of the production cycle with a certain capacity for decision and control over their participation in the value chain.

In production networks based on **convergent control** of the whole production process, the leading actors are large companies and conglomerates based on vertical integration developing their own products and services. These companies are embedded territorially in some specific places, for instance Milan, Paris and London, and contribute to organise international events in these places to disseminate their designs, which are reinterpreted by the rest of the industry. In the case of fashion, and to a lesser extent in design, they tend to integrate also the distribution, having their own shops. In fashion, this is the typical structure for the high-end sector and luxury goods. Besides design and distribution, vertical integration implies the internalization of the production function in order to retain control over quality and production costs. Vertical integration also protects the high asset-specific artisan skills that are essential to produce bespoke luxury goods. This allows them to demand premium prices for their products. *Haute couture* houses (luxury brands) (i.e. Chanel, Hermès) are examples of these companies.

However, within this category we also find differences. In both fashion and industrial design, global corporations controlling the production cycle are selectively focused on brands or retail. Brand-driven companies concentrate in the design and in high-end markets, and they can integrate or not the production phase. The production phase is often developed by industrial companies in developing countries but there are also processes of retaining the production as part of the added value of the final product. Despite the centralised role of design in certain places, we can find examples of companies involved in the production process being increasingly involved in the core activity of designing, proposing their own designs and being part of the value creation process (Tokatli & Kizilgün, 2009).

Focusing on fashion and in its mid-market segments, there exist both brand manufacturers (e.g. Zara) and brand marketers (e.g. Hugo Boss, Diesel, Nike). In the first case the lead firm owns the brand name and is involved in manufacturing or in its tight coordination. In the second case the lead firm owns the brand, but it is not involved in the manufacturing; products are also sold at a variety of retail outlets. Fast fashion is based on

continuous design, the anticipation of seasonal proposals, innovation capacity and rapidity of replication. Production batches however are relatively reduced.

Retailer driven or distribution companies are focused on mass consumption and intermediate between producers and retailers (shopping malls, supermarkets, etc.). Mass retailers (e.g. M&S, Walmart) own or license the final product brand, but in almost all cases they do not own manufacturing. It deals with department/discount stores that carry private label, exclusive, or licensed brands that are only available in the retailers' stores in addition to other brands.

In second case or **divergent control**, we find production networks based on a greater plurality of actors intervening in the process and thus, a considerable dissemination of the decision-making power among them. The network is formed by companies which are usually focused on creation and production without direct control of distribution and circulation, exchange or archiving. Large design consultancy companies, for instance, can focus only on the creation and production, especially in immaterial design. They hire the services of small companies and individual designers. In fields such as interior design or graphic design, small and medium-sized companies can offer flexibility and ad hoc designs to respond to the needs of the customer instead of finished designs / products. This allows to take profit of open design and embeddedness of these actors to local cultures.

Both typologies of production networks are intertwined, and we find that small and medium-sized companies can collaborate with large firms in the development of new designs. We find some large companies but also small and medium—sized, as well as individual designers working as self-employed and hiring their services to other companies. Renowned designers can work as powerful subcontractors developing collections for global brands or their own. In the fashion sector, it is remarkable the relatively new association between already well reputed designers and large distribution stores such as H&M or Uniqlo. Noteworthy, before becoming a 'name' and recognised, designers usually work under certain conditions of precariousness and uncertainty.
This shows that being a small actor in terms of company size does not mean necessarily being weak in the production network, as they can have a central role in creation and production, involving large actors that rely in innovation.

Our interest is to analyse these two forms of production networks. For that reason, we aim to analyse a large vertically-integrated production network in fashion and a production network based on a greater plurality of actors through the analysis of small companies in the field of industrial design. We consider that this second case is less explored and will bring information valuable also for the analysis of fashion. We assume, as a hypothesis, that industrial design has weaker integration.

4.6 Festivals, Performing and visual arts

Product characteristics

Festivals and Performing Arts (live music, modern and classical dance, theatre, circus arts) are services. According to Ruth Towse (2010: 199): "A performance is ephemeral, meaning that it is supplied at a specific moment in time and, when the performance is over, the service it supplied has disappeared". They cannot be

hoarded and production takes place when the consumers are present. They can, however, be transformed into goods through recording and, subsequently distribution, digitally or otherwise.

As with the other CCIs, there is a huge variety of festivals and of performing arts. Again, there are multiple dimensions of differentiation. A first key dimension of difference is the scale of the event. There are small-scale festivals and one-person performances for just a handful of people, but there are also events for very large audiences, with sometimes even over 100,000 spectators as with the Przystanek Woodstock, Festival in Poland with an attendance of 550,000 in 2012. A second dimension concerns the temporal dimension. Some festivals last only a few hours, whereas others may span even weeks such as the Edinburgh International Festival (Towse, 2010: 517). They may also be a one-off event or part of, for instance, a weekly or annual schedule. A third dimension has to do with the genre. It may be music, dance, theatre, or a combination of them and, then again, it may be all kinds of subgenres from speed-metal and chamber music performance on time period instruments to a Verdi opera; from a local Morris dancing troupe to a full-scale Swan Lake performance involving hundreds of performers and supporting staff.

Visual arts are first and foremost goods and they can be tangible (e.g. painting) or intangible (e.g. digital pictures). “They are intended to appeal to the visual sense and can take many forms” (UNESCO, 2009). They comprise all non-literary and non-musical fine arts (paintings, drawings, prints, watercolours, video, installations and sculpture) as well as photography (European Commission, 2017: 40). In the EY report (2014) Creating Growth, Measuring Cultural and Creative Markets in the EU, the visual arts are described as a “potpourri of activities that together form the nub of the European creative economy”. The visual arts, then, are also characterised by a wide variety in products which differ in type, format, and price. They also tend to be relatively durable. Because of this durability and their potential to increase in value with time, visual arts products are often also used as investment goods (European Commission, 2017: 42.

Forms of competition

With a high degree of differentiation and specialisation both festivals and performing arts tend to compete in relatively limited market segments – (sub)genre, scale, timing, location - , − with small numbers of competitors. They typically compete both on uniqueness and, to a lesser extent, on price. They usually display a low-price elasticity (< 1). There is, hence, limited price competition and prices are typically formed on the basis of a simulated pricing strategy Both forms of CCIs can be exported. Festivals may attract visitors from abroad and performers may go abroad. However, linguistic and cultural specificities may hamper export.

In visual arts there is often a strong emphasis on the uniqueness of the product and, therefore, a very high level of market segmentation. Related to this is the difficulty of determining value. This determining of the “exchange value” is usually the outcome of a social process in which gatekeepers and tastemakers play crucial roles in discovering and assessing works or art. These assessments require artistic knowledge in combination with strategic positioning in social networks.

Governance and the regulatory regime

Regarding the festivals and performing arts the locus of power may reside with promotors as economies of scale may emerge in production and distribution/circulation phase. We also expect that in other cases artists on A-list may have unique bargaining power and sponsors private and public sector may also be powerful. For

visual arts, we expect that the locus of power probably resides with gatekeepers relying on financial and social capital

The regulatory regime regarding festivals and performing arts comprises rules and regulations regarding safety, maximum number of spectators etc. The institutional context may also impact in a different way as performing arts are often part of more general cultural policies (subsidies or tax reliefs) as they are seen as an important element of local, regional of national cultures. The need for state support for performing arts is also rooted in the fact that performing arts are vulnerable to Baumol's cost-disease. Increases in production costs through rises in wages cannot or only very partially be compensated through rises in labour productivity (the substitutability between labour and capital is typically very low) and scope for increases in revenue are limited as a rise in prices may result in even lower revenues given the low price elasticity (Towse, 2010). What we see, then, are various configurations of public and private sector actors involved in organising festivals and performances. This is rather different in the case of visual arts where the role of the public sector in terms of regulations as well as subsidies is much smaller. The public sector, though, may serve as an important customer buying works of arts for public spaces, buildings and museums.

In the below table the production stages for festivals, performing arts and visual arts are specified:

Table 5. The stages of production in Festivals, Performing arts and Visual arts

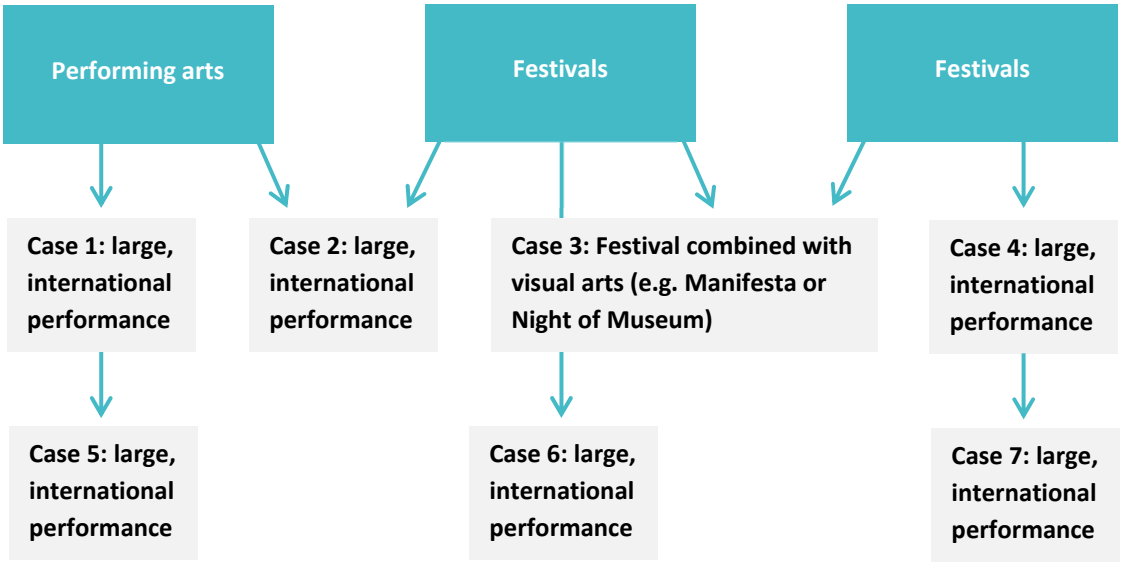
Festivals	
Creation	Conception, ideas
Production	Organisation/fundraising, support activities for producing live shows (stage-set design, making costumes, technical and administrative support)
Dissemination/circulation	Marketing/advertising, promoting activities
Exchange	Festivals, actual event
Archive	Recordings (in digital libraries)

Performing arts	
Creation	Creative ideas, inspiration, scripts, composition, choreography
Production	Organisation/fundraising, rehearsals, building stage/making costumes, lights, sounds
Dissemination/circulation	Marketing/advertising: market defect in the sense of information asymmetry between supply and demand
Exchange	Actual performance
Archive	Recordings (in digital libraries)

Visual arts	
Creation	Conception, ideas
Production	Typically overlaps strongly with creation phase – often same person
Dissemination/circulation	Galleries, auction houses, fairs, museums, foundations); gatekeepers crucial
Exchange	Typically overlaps strongly with distribution/circulation phase galleries, auction houses, fairs
Archive	Museums, magazines

Case selection

This sector captures three sectors that all display multiple dimensions of variety, notably with respect to genre, scale, intrinsic complexity, forms of competition and regulatory regime. This makes it essential, however challenging, to develop an approach that will capture the variety of production networks as well as the overlap between these three sub-sectors. After all, we must look for a common ground between these sectors in order to develop a broader understanding of the sector as a whole. It is therefore essential to develop a case study approach that will highlight the eventual differences as well overlap between the sub-sectors, while bearing in mind that the case studies will not give a full coverage of the sector, but will allow us to more thoroughly understand the dimensions of variation in this sector. The selection is visualised below.



4.7 Music

Dimensions of variation in the music industry

In the literature, there is not one uniform definition of the music industry. However, a number of researchers tend to divide this field in three interconnected sub-industries: recording, music publishing and live

performances (Hesmondhalgh, 1996; 2002; Throsby, 2002; Hull, 2004; Williamson & Cloonan, 2007; Meisel & Sullivan, 2009; Laing, 2009). This very approach will be adopted for the purpose of the project. Similarly as in all the creative industries, the production of music is characterized by high degrees of uncertainty about consumer response and the associated levels of financial risk, the high levels of skill and talent involved, the dependence on temporary coalition of diverse and often mobile workers, and the heterogenous and irregular nature of the commodities produced (Coe, 2015).

The main consequence of the complex nature of the industry is a high complexity of the product itself. In the recording industry, for decennia, an album by an artist/group has been considered as the main product, as it was the object of a contract between the artist and the recording company and, when produced, it was promoted and sold on the market. One could fix from one to several songs on the album, depending on the carrier that has evolved over the years, starting from ebonite, shellac and vinyl discs, through magnetic tapes and cassettes, up to CDs, to name only the carriers that succeeded on the recorded music market. The digital revolution, with the introduction of digital formats and the internet, has turned the notion of product completely upside down. First, the carrier has dematerialized (music was not inseparably attached to the carrier anymore). Second, the album as basic product has been split into individual songs that consumers buy in digital format or stream, even though the album has remained the product of reference for the music recording production. Important to mention is that music streaming, understood as access to the online platforms with music according to diverse business models (two-sided market or paid access), tends to be considered as a service rather than a product.

The recording industry runs on copyrights which are the main product in the music publishing industry. Once a song is written, it can be recorded. Every time it is copied/manufactured to be sold in CD format or as a digital file to be bought or streamed, there are mechanical royalties (royalties paid to a songwriter whenever a copy of one of his or her songs is made) involved. Other sources of royalties are live performances of the song, its broadcasting on radio and tv channels, its usage in advertisements, video games, movies etc., as well as sales of the music sheets. The collected royalties are then distributed among the right holders which, in theory, are songwriters, performers and producers, and in practice – most often producers of the recordings (recording companies). In the live performances field, there are concerts being the main product, or – more precisely - service offered to the consumers. During the concert, performers sing and play songs they have written and/ or these which were written for them by songwriters.

The product of the music industry as a whole can also be approached from a different perspective with the artist being at the heart of the field. This approach can be justified both by the specificity of music as experience good and by the evolution of the industry. First, experience goods are characterized by higher risk of failure than search goods (Nelson, 1970) for which reason (established) artists are used as brands to guarantee the quality of the product offered, be it a new album or a concert. Second, since the revenues from recorded music sales have started to decrease dramatically, music concerts have definitely become the main source of income for many artists, who – even though they promote their new albums during the live tours – are the ones attracting the consumers.

One should also not forget a series of complementary products of the industry serving to promote the main ones (albums or artists), among which one can mention video-clips, gadgets such as photographs, posters, t-shirts, scarves, cups, candles (merchandising products) constituting an additional source of income for the artists.

Cycle of cultural production

As outlined above, the music industry contains more than one sub-industry, and as value is added to a music product through the stages of the creative production cycle, it will be in a network with nodes connected to several different industries. In this section a short, general outline of the stages of the production cycle of a typical music product will be described. Due to the vast difference between and within genres and the great shifts occurring in the music industry, this should be read as a general model of a complex industry subjected to changes (Throsby, 2008). The value chain of the music industry has been described repeatedly, as have the changes occurring within it (e.g. Bockstedt et al., 2006; Curien and Moreau, 2006; Graham et al., 2004; Hadida & Paris, 2011; Leyshon, 2000; Santagata, 2010), the value chain as described below is based predominantly on the recent report on value chains in the CCIs commissioned by the European Commission (2017).

Creation

The step of the creation is the action of composing songs and music scores (Hull, 2004; European Commission, 2017). This can be done by a single artist, singer-songwriter, just a song writer, music composer etc. or in collaboration. The barrier of entry is low at this stage, as no other equipment than talent/ knowledge in music is needed.

Production

The production stage takes a few different forms. One of the forms or stages, production usually takes is the publishing of the written song or music score. This entails the complete or partial transfer of copyright of the written song from the artist to a music publisher, who in return supports the artist both artistically as well as providing protection and proper monetizing of their material (through e.g. royalty collecting companies) (European Commission, 2017). The production stage in the recording industry is the process of making recordings of the written song. This is often made by a collaboration of artists, technicians, music producers and agents. Recording presents a need for special equipment and studio space, which has traditionally been financed by a record company (often having “discovered” an artist) and will subsequently own the copyright to the recording (Tschmuck, 2012). Getting signed by a label have been one of the greatest barriers of entry to the music industry, but as recording equipment is becoming cheaper and more available, independent artists are increasingly able to make their own recordings (Graham et al., 2004). Production stage also involves the live performance industry. The planning and creation of concerts, tours and events often involve a number of people including venue owners, live performance agencies, agents etc.

Dissemination

Dissemination is the process of getting the music out into the known, to consumers, which have been and still is a massive barrier to entry. This step requires promoting and advertising through the right channels. Radio has traditionally been one of the main players in this, being a decisive factor of what breaks into a market and is still a decisive factor of what becomes a hit (Power & Hallencreutz, 2007). As music is becoming increasingly available through internet services such as Soundcloud, where artists can upload their own music, this barrier of entry is potentially getting lower (Bookstedt et al., 2006). Together with social media, artist can spread their music and interact directly with consumers (Haynes & Marshall, 2018). The sheer mass of music available online becomes a sort of “invisible visibility” and the role of intermediaries and promoters vital to gain the attention of wider audiences (Haynes & Marshall, 2018, Jansson & Hracs, 2018).

Exchange

Exchange in the music industry is the point where the music product is monetized and consumed. This still happens through physical sales in brick-and-mortar stores to some extent, and increasingly through downloads and digital service providers such as iTunes and Spotify. In the live music industry, it is the concert/festival/event taking place. Consumption is highly dependent on fashion and consumer tastes and as cultural goods become more valuable when consumed in groups of people value is not only captured but also co-/re-created by consumers. Exchange can also happen through the collection of royalties, when music is used in other media, such as advertising, or when venues play music (e.g. background music in bars) (European Commission, 2017).

Archiving

The stage of archiving is generally absent from descriptions of the music industry's input-output structure. However, this is an area that should be explored more, as all music is created in relation and dialogue to previously created music. How music is reproduced by music colleges and universities, is also an aspect of archiving that would give itself well for exploration, as is the systems of archiving in royalty collection agencies.

Types of governance structure

As the case studies for each industry studied in the Cicerone-project should represent different types of GPNs, this section sets out to identify varieties in the production networks of the music industry. To do so, we have looked for variations of governance structure in the industry, by understanding at which nodes power is skewed. As 'the relative power of actors within a network depends, in large part, on the extent to which each possesses asset sought by the other party and the extent to which access to such assets can be controlled' (Coe et al., 2008, p. 276), identifying if and where power asymmetries exist within a network reveals who controls assets and points towards how the network is structured and governed (see D1.2 and D1.3). Therefore, we have identified five types of governance structures (where power is skewed towards different nodes in the network) in the music industry and regard three as interesting for further case-study selection. One should however keep in mind the list below makes no claims to be exhaustive of all governance types.

The first type of governance structure is the market domination and power concentration of the three vertically integrated major labels: Sony, Warner and Universal, who together make up about 80 percent of the recording industry both globally and in Europe (European Commission, 2017). The recording market has the characteristics of an oligonomy (oligopoly and oligopsony combined: Hannaford, 2007) where lead companies – the majors – exercise power over a high number of artists in the upstream activities, and in the downstream ones on distribution and promotion processes. The competitive advantage in this industry lies in the access to a talented labour force (artists and producers) of commercial potential and in control of the promotion and distribution channels (Graham et al., 2004). This is the dominant governance structure of the music industry. However, easy access to technology, i.e. democratisation of production, distribution and promotions tools, entail massive production and availability of music and reduction of entry barriers to the industry (Bockstedt et al., 2006). As a part of this shift, new entrants, e.g. iTunes or Spotify, has appeared in the production cycle in the exchange and distribution stage. They have become new intermediaries, potentially exercising power on the whole production network.

The second governance type identified also has its base in the recording industry and is situated in relation to the majors, namely the independents - the record labels that together makes up the remaining 20 percent of the market. Their value chain is similar to the major's, but power is more evenly distributed, with artists

(ideally) having more say of their music and being often considered more focused on the artistic aspects of the music, rather than the commercial (although this understanding has been questioned see e.g. Mall, 2018). The independents are affected by what majors decide and often collaborate with them at different stages of the production. To gain bargaining power in relation to the majors (but also to distributors such as Spotify) the independents come together in organisations, such as Impala or Merlin (Ingham, 2007).

As the digital shift have transformed the music product and industry and opened up a "do it yourself" possibility for artists to be completely self-sufficient in the beginning or for the entirety of their careers, as unsigned artists (Bockstedt et al., 2008). The hegemonic domination and division between majors and independents have swayed and given room for the evolution of a third governance structure, where unsigned artists have complete power over their production and profits due to a disintermediation process. When they are small or emerging, they remain niche artists, operating on small scale, but with high degree of power over the production chain, which is short – music going almost directly from artist to consumer. Instead of using a label, there are new types of intermediaries, such as freelance agents (Hracs, 2015). When they are established artists, they can be unsigned or use their own, independent labels, such as Prince. Top-selling artists have enough financial strength and audiences to be unsigned and self-producing (European Commission, 2017). Since their networks are larger, having more contributors and greater market reach and consequently have power skewed towards them from others, we consider it to be a fourth governance type, different from the short network of an unsigned, small-scale artist.

As a fifth variation of governance we have identified an expert and/or intermediate driven governance structure. In certain genres, such as classical music and jazz, the industry diverts from the typical structure of the popular music genre. Whereas power in popular music ultimately derives from market success and profits, in genres such as classical music, the role of experts and critics is hugely influential in deciding which music and artists that are deemed a success (and can influence grants etc).

For the case study selection, we want to explore the first governance structure of the majors, since they still have true global reach and dominate the industry. We will also like to do a case-study of the third type, the self-made artist network (or used to be, but is now tied to a small label). We believe that this combination in order to investigate the research questions in the hegemonic form of the music industry, but that this combination also can highlight changes of the networks. To further emphasis the variation of the industry, and to explore a structure less explored we also think that the expert/intermediate driven governance type.

4.8 Publishing

Product characteristics

The products of the publishing industry, on which we focus and which we analyse, are books, magazines and newspapers. They can occur in different forms – analogue (material) and digital. Consequently, this specific publishing product can be essentially characterised as a product (digital or material) that is edited together in short or long form; in series, and serial form; it can include words, pictures and numbers.

- Publishing: "an account of the selection, preparation, and marketing of printed matter" (Britannica)

- Book: “non-periodical printed publication of at least 49 pages, exclusive of the cover pages, published in the country and made available to the public” (UNESCO, 1964)
- E-book: “any content that is recognizably ‘book-like’, regardless of size, origin or composition, but excluding journal publications, made available electronically for reference of reading on any device” (Armstrong, 2008)
- Newspaper & magazine: “the newspaper (daily or weekly) usually has large, loose pages, a high degree of immediacy, and miscellaneous contents; the magazine (weekly, monthly, or quarterly) has smaller pages, is usually fastened together and sometimes bound, and is less urgent in tone and more specialized in content” (Britannica)

Market trends

The book industry is characterised by the high up-front costs and high risk, especially at the beginning of one’s career. In general best-sellers subsidize the investments for new books, where one out of ten books make a profit.

The innovation of e-publishing has disrupted, but not fundamentally changed the book market. Obviously, distribution costs have been cut, as well as some press preparation automated, and outsourced (sometimes globally). As mentioned before, the trend of growth on the e-book market can be observed, although the traditional format of the book is still dominating. Consequently, this leads to the demand side of the market where decline in readership is a challenge. Moreover, two types of reader - classic and modern can be defined. Those books, magazines and newspapers’ consumers are still more frequently picking products in national languages; thus, the popularity of native authors still remains. However, it is true that smaller language markets survive with state aid. Language markets which are large (Spanish, French or English) allow economies of scale, although national markets remain important. Furthermore, national publishing houses are significant (and become more so as distribution than retail). In terms of storage, as well as distribution process of the publishing products the “long tail” phenomena exist.

Concentration, especially horizontally (merging of companies and firms) is a leading and very vivid trend on the publishing market. A lot of smaller book publishing houses have been bought by the bigger corporations or even media conglomerates. However, in contrast to it, self-publishing trend is growing as well.

To sum up:

- best-sellers subsidize the investments for new books (1/10 makes a profit);
- there are specific high up-front costs and high risk;
- there are specialized subsectors at the publishing market: Trade, Academic, School, Children;
- there is a growing e-book market;
- there are new trends regarding readers (decline in readership, two types of reader - classic and modern);
- the market is not Americanized (reading in national languages, popularity of native authors);
- there is a concentration of a market (horizontally - merging, not really vertically) and
- the long tail phenomenon in distribution exists on the market.

Newspapers & magazines

Europe is the world's leading newspapers and magazines market. It is a fourth-largest creative business in general. Half of newspaper publishers' revenues come from advertising. Moreover, magazines sell for higher prices, and advertising provides only about one third of the total revenue. Similarly, to the book market, digitisation of publication is growing in European newspapers and magazines market. There are more channels of accessing the market goods - digital platforms, with interactive websites, dedicated newspaper apps. The access is possible as well through social media, that are very often treated as a "morning news overview" instead of the former leading news channel - newspapers. That makes those goods accessible anytime and anywhere.

The technologies of production and business models have undergone massive changes recently. There is an existing trend of 'aggregated subscription digital mode' in the magazines sector that actually helps them to survive in a very new market reality. Moreover, scientific magazines and journals have moved to aggressive information supply models.

The trend of personal, semi-professional creativity of consumers (now prosumers) is developing in the publishing industry as well. There is a development of blogs, vlogs and other authors or journalists' channels.

To sum up:

- Europe is the world's leading newspapers and magazine market;
- fourth-largest creative business;
- half of NEWSPAPERS publishers' revenues come from advertising;
- magazines sell for higher prices, and advertising provides only around a third of revenues;
- digital publication is growing in Europe (more channels: digital platforms, with interactive websites, dedicated newspaper apps & social media);
- development of blogs/vlogs/author's channels; and
- a need to access „with any device, anytime, anywhere"

Academic Publishing and Scientific Journals

A further specialised market exists within books and periodicals. General publishing (see above) is referred to as Trade that which sells in higher volumes to a general audience. Academic publishing has much smaller volumes but a less variable market. Traditionally text books form a base load, reference works, and research texts as a smaller volume still. However, a more or less guaranteed break-even sale can be ensured via academic libraries as reference copies. The shift to e-publishing has reduced physical costs, and enabled 'un- bundling' (sale of individual chapters).

Scientific Journals are a specialist sub-market – dominated by English language and operating on an international scale. Many of the production costs are borne by academics. As with all publishing production costs have been outsource, notably to the Indian sub-continent. E- publishing has enabled dramatic cuts in distribution costs. The business model of journals is a subscription basis, making it less risky. Moreover, with e-publishing our journals major publishers have not lowered subscriptions accordingly, making this a low risk, high profit area of activity.

EU market size

In the 2012 the European Union publishing industry (newspapers, magazines and books together) generated a combined revenue of €107 billion, where books were worth 36.3 billion and newspapers & magazines - 70.08 billion (KEA, 2014). In 2017 the situation wasn't very different. In terms of books, the total market value covers 36-38 billion euros. Despite the growing digitisation, the traditional format of the books remains the most popular one, and stands for 93% of the market, whilst e-books are only 7% of the market. However, it importance grows for the last 3 years, growing out of the stigma. The total annual sales revenue of book publishers was € 22.2 billion. The largest markets in Europe, in terms of publishers' turnover were: Germany, the UK, France, Spain and Italy. Moreover, the majority markets showed some degree of growth. In terms of employment, the European publishing industry (the entire book value chain - authors, booksellers, printers, designers, editors etc.) gives work to more than half a million people (FEP, 2018).

Governance and regulations

Knowledge is power, as Michel Foucault said, in the past publishing products - books, as well as newspapers and magazines, were the knowledge carrier. Thus, the market, in the early stages of existence, was highly regulated. Currently the main regulation powers are: copyrights or author's rights (with the problem of temporal extension of them), fixed book and e-book prices (in some of the European countries, like France or Germany), public lending rights. The fixed e-book price has a significant influence on the form of goods' access. In France for instance, it is not possible to use subscription platforms (new model on the market, similar to music industry) to get an access to the French literature which is directly correlated with Lang's law – fixed book (and here: e-book) price[1].

There are new ways of governance where access to goods is open and it is not only about public libraries sources, but also goods with creative common licence. This follows to already mentioned question about prosumers – what constitutes "fair use", what attitude should be undertaken in terms of remix or fun fiction creations in the publishing market.

Main types of publishing governance structures:

1) Independent publishing house
   "Ownership ties in the sector between book publishers and retail stores is by now not common anymore. There may be exception in some smaller countries, though. For example, in Lithuania, publishers still own shops in which they only sell their own books and exclude books published by competitors" (KEA et al., 2017).

2) Major corporations

   Most popular form of governance among publishing structures, that is a 360-firm operating with management executive division, as well as editors, heads of sales, marketing, lawyers, or production team. Similarly, to music industry, there are leading companies, called "the Big Five". Those are five major corporations - Penguin Random House, Hachette, HarperCollins, Macmillan, Simon & Schuster. Furthermore, most of them are EU companies or belong to European Union companies.

3) Conglomerate media organisation

Great and very significant for publishing industry example is Amazon which is an umbrella spanning over the entire value chain - from authors' services, publishing, distribution, to reading platforms, as well as reading community. It operates on every level of the chain both, traditional book publishing and e-book service. Other massive media players on the publishing market are: Apple – with the iBooks platform that was launched out of iTunes (former music platform) and Google, the largest book index - SEM (search engine marketing) tool.

Digitisation

There are no doubts that the digitisation and the new technologies expansion has had a tremendous influence on the publishing industry. New aggregators/distributors entered the scene, threatening traditional ones. Cheaper distribution channels occurred on the market. However, the traditional media is still dominating the market. Moreover, digitisation allows almost everyone to publish a book through the self- publishing model. It has a direct influence on the easier way to enter the publishing market.

Traditional value chain vs new players on the market

Figure 1. Global value chain original model

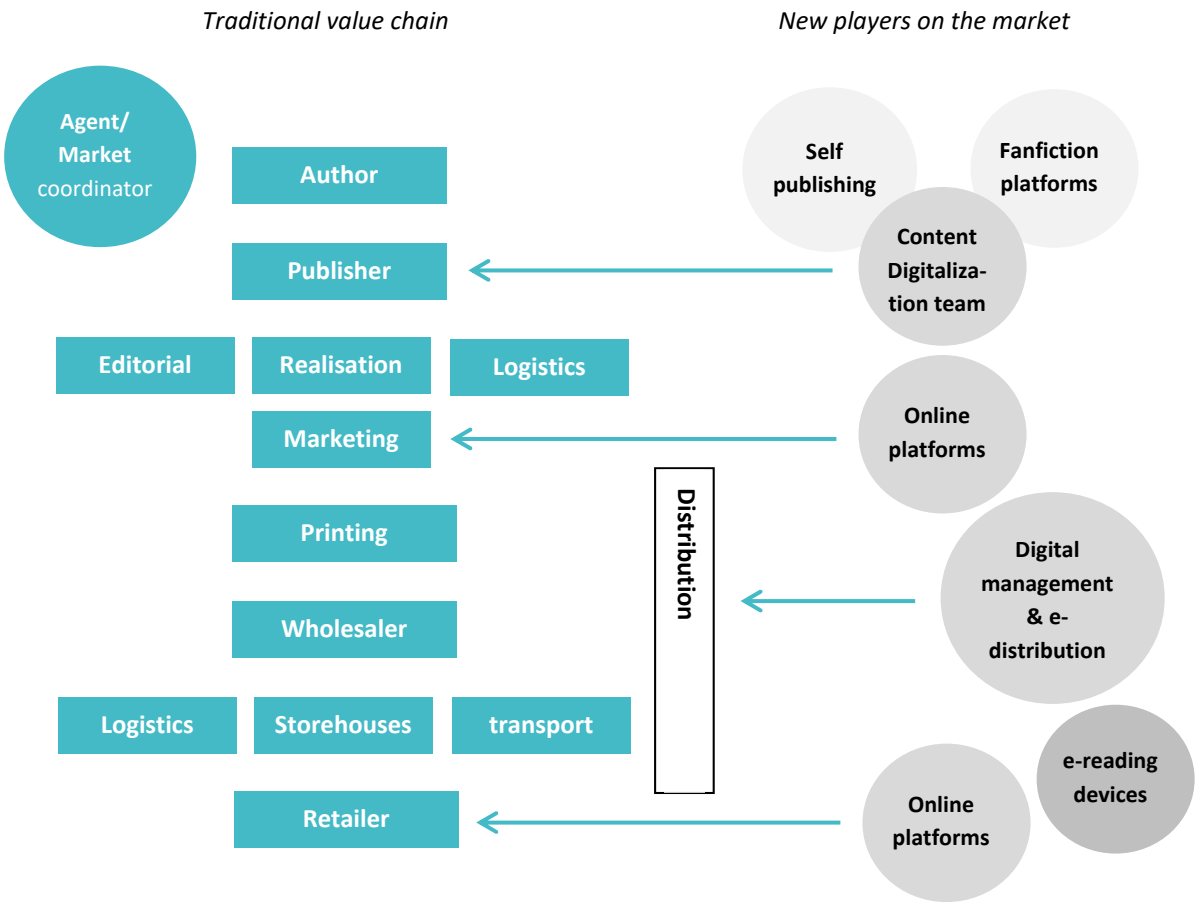
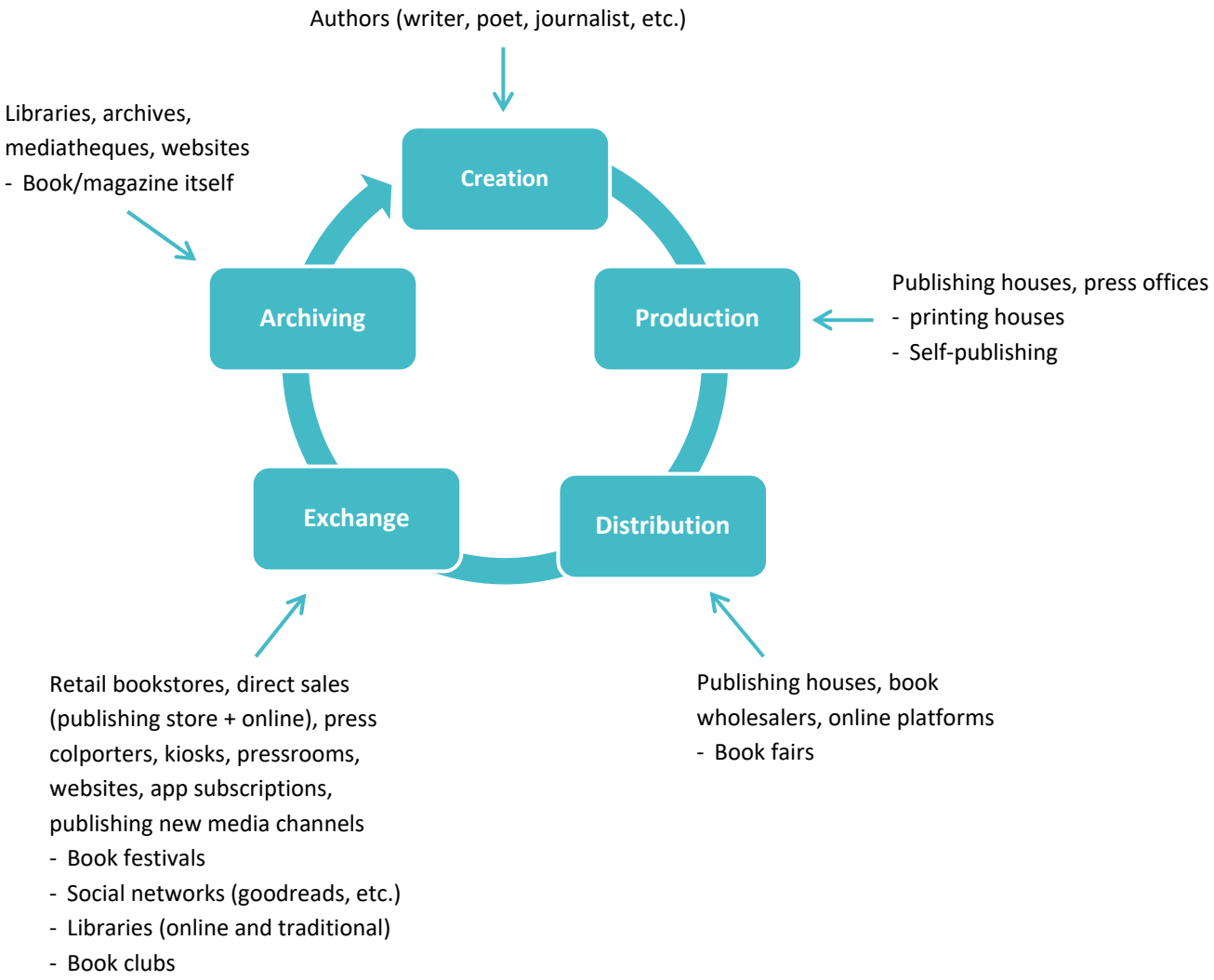


Figure 2. CICERONE-based original proposition of a model for publishing



Production

contract with publisher and their business model. This combines the critical role of the agent and the editor who traditionally have shaped the 'quality offer', or simply been gatekeepers.

Distribution

used to be only material, now it is also digital/online. In the past the cost of distribution and printing was a barrier to entry. Now 'vanity'/self-publishing is open to all. However, e-book publishing cost is only 25% lower than the traditional book.

Exchange

Dis-intermediation of technology has allowed distribution and exchange to be compressed. This has led to significant challenges to publishers, and authors. Moreover, expansion of companies like Amazon has had a massive impact on the market.

Archive
Libraries (public sector cuts), internet (servers) itself. The education system that teaches people to read and write shouldn't be forgotten here.

Synergic interactions in the value chain

Publishing goods, for instance books are the starting point or an inspiration for the further creation in the cultural and creative industries sphere. Harry Potter could be a great example of a book that become a transmedia product (Jenkins, 2008). Nowadays it is not only a book, but also a film, a fun park, a video game, a Lego mini-figure together with a miniature Hogwarts Castle, and whole range of other industries' products, like music soundtrack or merchandising products being present not only in the fan shops but also leading companies like Primark or H&M.

Case studies rationale

Reflecting on the selection of case studies we propose three approaches linked with previously given GPN model, in order to investigate the publishing sector. Firstly, we aim to investigate the production phase, choosing one specific subsector (academic publishing). Then, the second case study will inquire global value chain model from the exchange perspective. Finally, we will look at the creation part of the global production network in publishing sector, choosing the authors' point of view (human brands). Selection of case studies was partially influenced by the access to the inquired sample (specific respondents).

i. Academic subsector, including scientific books and journals

   Starting point: production (academia as a specific subsector)

   In this case study the research is conducted from the market structure perspective. Academic subsector/submarket is divided into disciplines. Products are addressed to a well-defined group of specific recipients associated with a given field. It is also a subsector with its own legal conditions (requirement of review, publications point system created by the Ministry) and its key players: e.g. BECK or Helion Publishing Group.

   English language is the leading one in the academic publishing field. Therefore, it gives not only a wider spectrum of content distribution of English written texts, but above all the opportunity to get acquainted with the title in a similar time by professionals from different parts of the world.

   <u>BECK publishing house</u>

   One of the examples may be the German BECK publishing house, specialised in professional publications in the field of law, taxation, economics and foreign language literature. Founded in 1763 in Munich, is present on the Polish market since 1993. Furthermore, another example − the Helion Publishing Group, specialising in IT literature, operating in seven segments, creates a separate brand for each of them. During its first 18 years of presence on the market, it has produced over 3,500 publications, whose total circulation exceeded 11 million copies. The publications are both original books and reprints of foreign-language titles.

ii. Small publishing houses

Starting point: Exchange

The book market is not only concentrated on the well-recognised publishing houses with many years of tradition, but also a vast number of smaller, one-man-business-activities, which aim to publish ambitious literature, either in native languages or translated from other foreign languages. Their business model is often very similar or even the same. An amateur- reader or writer publishes his or her friends' books at the beginning of his publishing path. Then the production and distribution are simultaneously conducted with additional activities, such as running workshops, café-club or organising the festival (exchange). However, the quality of published books is not lost. Thus, those "independent" publishing houses' activities are often awarded with international awards.

Czarne Publishing House

It is the oldest independent publishing house in Poland, founded in 1996 by the writer Andrzej Stasiuk and his wife Monika Sznajderman. Based in a small village – Wołowiec, Czarne began with the legendary series of reportages, among which were the positions of such authors as Svetlana Alexievich, Ed Vulliama or Liao Yiwu. Its market success was ensured by the mass sale of Janusz Wiśniewski's book "Loneliness in the Web", published in co-editing with the publishing house of Prószyński and S-ka. Original book covers, detail orientation, as well as high quality editorial work are specific not only for Czarne, but also other small publishing houses. Moreover, they are also involved in non-publishing activities. In case of Czarne it was, for instance, a 5-year-period of organising the the Zbigniew Haupt Festival.

iii. Human Brands

Starting point: Creation

In this case, human brands are perceived as globally recognizable authors, like J.K. Rowling, G.R.R Martin, Margaret Atwood, etc. Their books have been translated into many languages. A lot of them have been adopted by other (cultural and non-cultural) sectors, like film or fun park industry. Thus, they can be seen as transmedia products, which gain the worldwide fame.

We begin the inquiry into human brands from the creation level. A production chain is formed around that specific person. The author becomes the most important component and consequently develop the relationships with others elements of the chain, such as production or exchange. Thanks to her/his famous name, the synergistic connections is possible to happen.

Olga Tokarczuk – a world wide export product of Polish literature

One of the most appreciated and most often awarded Polish writers in the world. Her books have been translated into more than twenty different languages. In 2018, she received Booker Award for the "Flights" (PL: "Bieguni)" novel, for which she was also nominated for the National Book Award.

Much of her international success is correlated with the high- quality translation of her books, that enabled her to broaden the spectrum of devoted Polish readers, and enter the international market.

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