# "The Craft and Trade Sector in the Culture and Creative Industries"

## Consolidated Report

by the

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## Table of Contents

## List of figures, tables and overviews

### Figures



### Tables



### Overviews

# 1. Introduction

The culture and creative industries (CCI) are generally considered one of the key sunrise sectors and an engine driving the development of new products and innovative services. The cultural and creative sector is already a considerable economic force, with some 237,000 businesses employing roughly one million people and generating total turnover of €131.4 billion in 2009. While the culture and creative industries have already been the focus of several studies, specific attention has not yet been paid to the craft trades as an important sector of the German national economy.

### Goals of the study

This study specifically focuses on the craft and trade sector and has two set goals in quantifying artisanal activities:

Goal 1: Gauge the size of the craft and trade sector within the statistical core of the culture and creative industries as defined by the Conference of Economic Ministers of the *Länder*.

Goal 2: Identify all the cultural and creative industry activities in the craft and trade sector that extend beyond the scope of this formal statistical core to determine the true depth of cultural and creative practices in the craft and trade sector.

Furthermore, by providing a qualitative description of the sector the study seeks to give greater insight into the activity structures of craft trades relevant to the culture and creative industries. This is achieved by shining a spotlight on craft enterprises active in the culture and creative industries and presenting best-practice examples.

### Funding

The study has been financed by funding provided by the Federal Ministry of Economics and Technology as part of the Culture and creative industries Initiative launched by the Federal Government in tandem with the Federal Commissioner for Cultural and Media Affairs. The German Confederation of Skilled Crafts (*Zentralverband des Deutschen Handwerks, ZDH*) and eleven chambers of craft trades lent both substantive and operational support to the project.

## Project oversight

An advisory council was appointed to oversee the project, comprising experts from the culture and creative industries in addition to representatives of the Federal Ministry of Economics, the Federal Commissioner for Cultural and Media Affairs, the *Länder* and craft industry organisations.

## Execution

The study was compiled by the Institute for Small Business Economics (*Volkswirtschaftliches Institut für Mittelstand und Handwerk, ifh Göttingen*) at the University of Göttingen in collaboration with the Office for Culture Industries Research (*Büro für Kulturwirtschaftsforschung, KWF*) in Cologne.

## 2. The concept of culture and creative industries

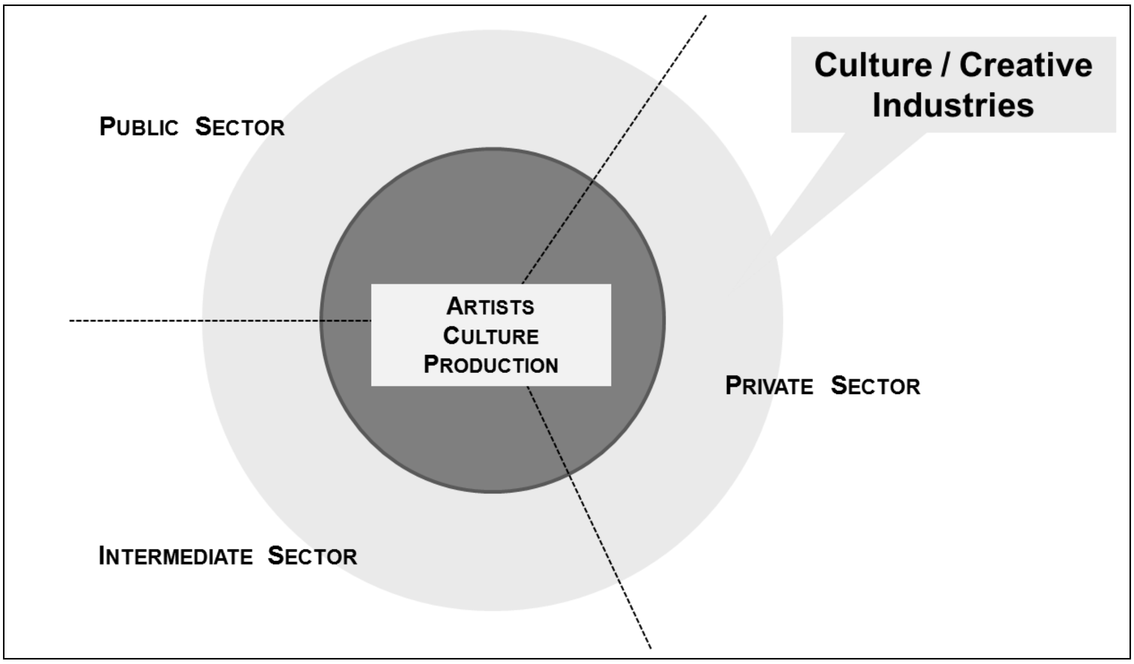
The concept of culture and creative industries is based on recommendations issued by the Conference of Economic Ministers of the *Länder*, which defined a core area of the culture and creative industries at Conference meetings held in June and December 2009. These recommendations are set out in more detail in the "Guidelines to Create a Statistical Database for the Culture Industry and Transnational Analysis of Cultural Industry Data".

The following section will explain the main terms that are central to understanding the concept of culture and creative industries.

**Core definition**

The Conference of Economic Ministers of the *Länder* defines the core of the culture and creative industries as follows: "*The culture and creative industries comprise all cultural and creative enterprises that are mainly market-oriented and deal with the creation, production, distribution and/or dissemination through the media of cultural/creative goods and services.*"

Figure 1: The 3-sector model of the cultural and creative sector




Source: Weckerle, C., Söndermann, M.et. al. (2003), P. 8. *KWF, Cologne*

The market-oriented nature of the enterprises is the primary definition criterion (see Figure 1). Consequently, this group of enterprises encompasses all cultural and creative businesses that are financed through the market, or – simply put – that want to earn money through art, culture and creativity.

**Sector orientation**

To make it possible to describe and limit the CCI business sector based on empirical aspects, the Conference of Economic Ministers of the *Länder* identified the following eleven sub-sectors or market segments as the constituent branches of the culture and creative industries (see Overview 1).

Overview 1: Market segment breakdown of the culture and creative industries

**11 Market segments**

**I. Culture industries**

1. Music industry
2. Book market
3. Art market
4. Film industry
5. Broadcasting industry
6. Performing Arts
7. Design industry
8. Architectural market
9. Press market

**II. Creative segments**

10. Advertising
11. Software and Games

**I. + II. Culture and creative industries**

*KWF, Cologne*

This industry breakdown enables the accurate statistical allocation of individual business activities. At the same time, it also means that the value added stages of creative original production, the refinement stage and the distribution stage can be clearly identified for each of the eleven sub-sectors.

### Creative act

In identifying the eleven sub-sectors of the culture and creative industries, the Conference of Economic Ministers of the *Länder* introduced a connecting element, or common denominator, which they called the "creative act". This term aims to carve out and define the CCI business sector as a separate entity: *"This comprises all creative acts, regardless of whether they take the form of a unique tangible piece, live show or serial or digital production or service. Similarly, the creative acts can be protected by intellectual property rights in the broad sense (patent law, copyright law, trademark rights and design rights). They can, however, also be free from any copyright reference (such as in the case of performing artists, for example)."*

This definition of the "creative act" links every substantive or creative production that has an aesthetic core or reference. Absent this aesthetic link, the core of the culture and creative industries would be endless. Conversely, in the concept of the culture and creative industries the creative act must also essentially be regarded as an economic category, as the aesthetic production of content must involve or result in an economic process. In assessing the term "creative act" it must be said that this is a complex term and, as a key term of the culture and creative industries, it constitutes an abstract, archetypal reference category which is difficult to define precisely in empirical scenarios.

### Internal segmentation

Within the culture and creative industries, there is a tendency to differentiate according to different business types as this industry encompasses a wide variety of enterprises, ranging from the smallest artist's studio to global music production corporations. It is very important to be aware of the specific functional structures and development framework of the different types of business organisation. The internal segmentation categorises businesses into three main business types, namely micro-enterprises, small- and medium-sized enterprises (SMEs) and large or major enterprises.

**Micro-enterprises** (with up to 10 employees) include artists and cultural and creative professionals working in a freelance capacity or as an independent contractor. The offices, workshops, agencies or businesses are usually organised as sole traders, partnerships under the German Civil Code (known as *GbR* in German), or as a loose network. Their work is often experimental and they develop the prototypes for cultural and creativity production. As the first type of stakeholder in the CCI, micro-enterprises are considered as important a business model as the other two types of enterprises in the culture and creative industries.

**Small- and medium-sized enterprises** (10-49 and 50-249 employees respectively) are the backbone of the culture and creative industries and are mostly organised commercially as private limited companies (known as *GmbH* in German). These enterprises are normally well established in the culture and creative industries and apply standardised production and communication processes as far as possible. Compared with the first group of businesses, SMEs attach increasing importance to business principles such as stability, constancy or reliability, with clear, straightforward products and services mostly taking the place of experimentation and prototype development. In many cases small- and medium-sized enterprises are the most important players when it comes to value added and employment in the culture and creative industries.

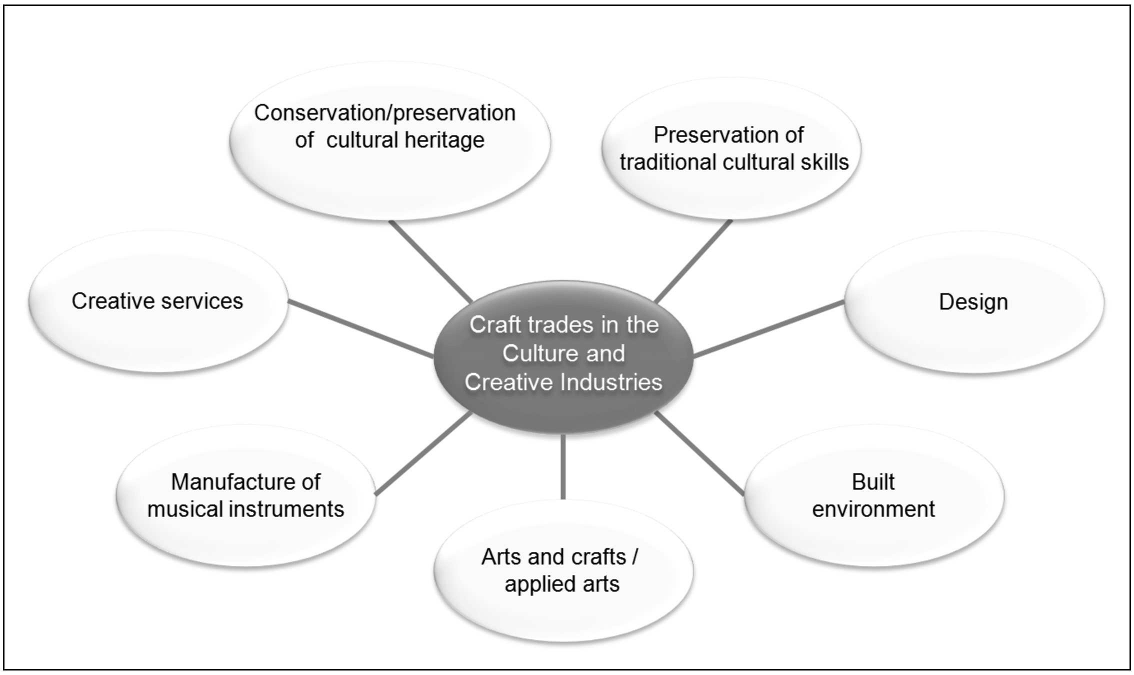
The third business group comprises the **large enterprises** (250+ employees). Also known as major corporations, these businesses take charge of the work of the culture and creative industries, generally market and sell it worldwide and attain purchasing and selling power as a result. These businesses are large or very large, well-established organisations in the creative and cultural industries that follow well-established business models to create standards-based copies that are distributed globally. Compared with the first two types of stakeholder, the strategy of refinancing assumes a far more important role here.

# 3. Culture and creative industries activities in the craft and trade sector

To obtain data both on craft trades within the statistical core of the culture and creative industries and on craft activities outside this core area – in line with the two specific project goals – it was necessary to operationalise the craft and trade sector in the culture and creative industries. To this end, the craft and trade sector was considered from a functional perspective and attributes were identified which could be decisive for the craft and trade sector in the culture and creative industries. This approach puts the craft and trade sector in the context of the culture and creative industries, and provides a CCI perspective of the craft and trade sector for the purpose of empirical analysis.

The functional properties and attributes of the craft and trade sector were correlated with the defining characteristics of the culture and creative industries in a consistent and comprehensible manner to identify activities in the craft and trade sector that are relevant to the culture and creative industries. With the "creative act" being the connecting abstract element, or common denominator, in the culture and creative industries, the aim here was to empirically identify the "creative act" for the craft and trade sector in the form of the "**cultural and creative author/originator"** or his/her **"work"**.

Figure 2: Activities within the CCI domain in the craft and trade sector

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Source: Own graphic

Functional attributes such as a high degree of manual work, a high penetration of unique custom-made items or the implementation of individual designs and ideas could be identified for the craft and trade sector. To this end, the profiles of individual craft activities were examined with regard to their share in the cultural value chain. Seven fields of activity in which craft trades play a key cultural and creative role were identified (see Figure 2).

These fields of activity make it possible to characterise, structure and ultimately better describe the craft and trade sector in the culture and creative industries. These seven fields are not set in stone, however, and should not be regarded as mutually exclusive. They help provide a more detailed description and categorization of the complexity of CCI activities in the craft and trade sector.

To differentiate craft trades with regard to their importance to the culture and creative industries, the 151 branches of the craft and trade sector were analysed and appraised on the basis of the attributes and fields of activity identified. In this way it was possible to assign the individual branches of the craft and trade sector to four specific groups, taking account of the cultural and creative intensity of the activities and work performed by the enterprises in each branch. These groups are assigned Roman numerals I-IV to avoid any confusion with the other craft groups normally used:

- Group I: Branches of the craft and trade sector in which all enterprises belong to the culture and creative industries (**complete assignment)**
- Group II: Branches of the craft and trade sector in which some of the enterprises belong to the culture and creative industries (**partial assignment**)
- Group III: Branches of the craft and trade sector in which **individual** enterprises belong to the culture and creative industries but cannot be quantified statistically
- Group IV: Branches of the craft and trade sector in which **none** of the enterprises belong to the culture and creative industries

As a result of this group breakdown it was possible to concentrate the empirical study on Groups I and II and therefore limit the focus group to a manageable level.

Apart from identifying the relevant branches of the craft and trade sector, the branches were also mapped to the individual fields of activity. This examined whether the cultural and creative industry activities performed by the craft sector branches in Groups I and II, which are relevant for the empirical survey, are actually covered by the selected fields of activity.

# 4. Quantifying culture and creative industries activities in the craft and trade sector

## 4.1 Methodology

The craft trades census conducted by the Federal Statistical Office is used to identify the craft trades that are active in the culture and creative industries. The trade register statistics of the ZDH cannot be used as they do not contain any data on employees and turnover in the sector and only provide operating statistics, not business statistics. For the purpose of this study, however, the results of the craft trades census must be adjusted to add in enterprises with annual turnovers of less than €17,500 and trades similar to crafts that are not included in the census. Furthermore the figures are updated from 2008 to 2010.

In taking this approach, some 825,000 craft enterprises employing 5.3 million persons and posting 2010 turnovers of roughly €468 billion were identified as of December 31 2010 (see Table 1). Due to the adjustments mentioned, these figures differ from the data published by the Federal Statistical Office.

Table 1: Data on the craft and trade sector (2010)

| | **Total craft trades** | Thereof | |
|---|---|---|---|
| | | Group I | Group II |
| Craft enterprises | **825.340** | 21.531 | 288.192 |
| Persons employed in craft enterprises | **5.273.958** | 68.130 | 1.601.210 |
| Craft trade revenue (excluding VAT, in thousand €) | **467.601.065** | 4.799.645 | 147.114.902 |

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Persons employed as of 31. December

Sources: Federal Statistical Office 2011; Trade Register Statistics of the German Chambers of Skilled Crafts (DHKT), Structure Survey of the German Confederation of Skilled Crafts (ZDH), own calculations

To obtain information about the CCI enterprises in the entire craft and trade sector, an empirical survey was conducted with the help of 11 chambers of craft trades. In selecting the chambers, attention was paid to ensuring that they represent the entire craft trade as realistically as possible. The questionnaire was developed in a multiphase process in collaboration with the project advisory council. Over 16,000 craft enterprises could be surveyed. Analysable data was returned by 13.4 percent (roughly 2,200 enterprises), which provided sufficient material to deliver on the goals of the study.

The cultural and creative industry activities in the craft sector were identified through the results of the empirical survey by examining each of the craft enterprises for specific activities. As it was not possible to include all seven fields of activity of the CCI spectrum in the craft and trade sector, these fields of activity were divided into two relatively homogeneous groups, known as “heritage CCI” and “contemporary CCI”. “Heritage CCI” encompasses the two fields of activity that focus on the conservation/preservation of cultural heritage and the preservation of traditional cultural skills. Here, the cultural and creative work derives from an existing historical concept. In contrast, the “contemporary CCI” group comprises the fields of design, the built environment, arts and crafts/applied arts, the manufacture of musical instruments and creative services. Here, the cultural/creative work is based on a new idea or concept.

Using the results of the empirical survey and complex calculations, the enterprises surveyed were assigned to these two groups. For example, the share of turnover generated from the conservation/restoration of historical buildings was a defining factor when assigning businesses to the “heritage CCI” group. In contrast, for the “contemporary CCI” segment it was important that the work emphasised the role of design, inspiration and open creativity.

At the enterprise level, the questions in the empirical survey were phrased in such a way to allow the enterprises to provide a nuanced description of the scope of cultural and creative industry activities in their day-to-day operations. Four categories of business can be identified:

Category 1: Mainly CCI activities

Category 2: Considerable CCI activities

Category 3: Limited CCI activities

Category 4: No CCI activities

## 4.2 Results for goal 1: Gauging the size of the craft and trade sector within the core area of the culture and creative industries

It is not possible to calculate the number of craft enterprises in the core area of the culture and creative industries (goal 1) using the economic activity classification[1] as craft trade statistics based on this classification are not available. However, since we do know which branches of the craft and trade sector are assigned to the economic sub-sectors relevant to the culture and creative industries, it is possible to calculate the data using the results for these branches of the craft and trade sector.

Roughly 15,700 enterprises from 22 industry sub-sectors (see Table 2) were identified for 2010. These enterprises have a workforce of almost 48,000 and reported turnovers of roughly €3.4 billion. Most craft enterprises are active in the economic sub-sectors involving “photographic activities” (74.20.1) and the “manufacture of jewellery and gold and silver articles” (32.12).

The numbers cited are conservative figures and therefore constitute minimum values. This is also because many enterprises are excluded as they are not registered with a chamber of craft trades and could therefore not be factored into the empirical survey (or in the craft trades census) even though their field of activity clearly falls within the scope of the craft trades sector.

For the purpose of comparing data with the overall culture and creative industries, enterprises with annual turnovers below the €17,500 threshold are excluded to ensure a common statistical basis. This reduces the number to 12,773 craft enterprises that employ some 45,000 individuals. Turnover figures remain more or less unchanged at around €3.4 billion. This means that within the core area of the culture and creative industries, the craft and trade sector accounts for 5.4 percent of all enterprises, employing 4.4 percent of all persons employed and generating 2.6 percent of the turnover (see Table 3).

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[1] This study is based on the 2008 German classification of economic activities (WZ 2008).

Table 2: Craft trades in the core area of the culture and creative industries in 2010

| Economic activity 'WZ 2008 | WZ 2008: Name of economic activity | Branch of craft and trade sector | Enter-prises [2] | Persons employed [2] | Turnover (in thousand €) |
|---|---|---|---|---|---|
| 18.14.0 | Binding and related services | Bookbinders | 711 | 4.313 | 233.737 |
| 32.12 | Manufacture of jewellery and related articles (excluding imitation jewellery) | Metal former | 376 | 2.138 | 186.346 |
| | | Precious stone engraver and cutter | 91 | 208 | 10.629 |
| | | Goldsmiths and silversmiths | 3.265 | 8.349 | 873.397 |
| 32.20.0 | Manufacture of musical instruments | Bowmaker | 55 | 137 | 6.056 |
| | | Violin maker | 444 | 738 | 47.831 |
| | | Reed and organ musical instrument maker | 43 | 84 | 4.940 |
| | | Wooden wind instrument maker | 188 | 579 | 44.510 |
| | | Piano and harpsichord maker | 541 | 1.246 | 114.449 |
| | | Metal wind instrument maker | 209 | 696 | 68.400 |
| | | Organ and harmonium maker | 381 | 1.603 | 89.773 |
| | | Plucked instrument maker | 201 | 326 | 17.128 |
| | | Percussion instrument maker | 31 | 123 | 15.877 |
| 47.59.3 | Retail sale of musical instruments and scores | Wooden wind instrument maker [1] | | | |
| | | Piano and harpsichord maker [1] | | | |
| | | Plucked instrument maker [1] | | | |
| | | Percussion instrument maker [1] | | | |
| 47.78.3 | Retail sale of art objects, paintings, decorative arts, stamps, coins and gifts | Gilder | 210 | 550 | 30.812 |
| 73.11.0 | Advertising agencies | Sign and illuminated advertisement maker | 1.978 | 10.555 | 802.587 |
| 74.20.1 | Photography | Photographers | 6.087 | 14.536 | 853.070 |
| 90.01.4 | Own-account stage, motion picture, radio and television artists and other performing arts activities | Make-up artist | 220 | 260 | 1.531 |
| | | Theatre set maker/designer | 28 | 55 | 2.721 |
| 90.02 | Support activities to performing arts | Theatre costume maker | 172 | 251 | 4.323 |
| | | Theatre and set painter | 172 | 330 | 4.416 |
| | | Props manager | 81 | 104 | 1.420 |
| 90.03 | Artist creation | Wood carver | 259 | 452 | 17.113 |
| | | Metal former [1] | | | |
| | | Gilder [1] | | | |
| **Total crafts and trades** | | | **15.743** | **47.633** | **3.431.066** |

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1) Already listed under another economic activity
2) Results of 2008 craft trades census corrected.
Source: Federal Statistical Office 2011; own calculations

Table 3: Data on the craft trades in the core area of the culture and creative industries

| | Enterprises | Persons employed | Turnover |
|---|---|---|---|
| | *absolut* | | *in thousand €* |
| Total core area of cultural and creative industries in 2009 | **236.837** | **1.023.535** | **131.407.000** |
| Craft trades in the core area of the culture and creative industries in 2010* | 12.773 | 45.152 | 3.431.066 |
| Overall share in the culture and creative industries | 5,4% | 4,4% | 2,6% |

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*both excluding enterprises with turnover below €17,500

Sources: Federal Statistical Office (2011): 2008 craft trades census; 2011 survey on the craft trades active in the cultural and creative industries; Federal Ministry of Economics and Technology (2010); own calculations

If the total number of employees of all the craft enterprises with CCI activities[2] is benchmarked against the individual market segments of the culture and creative industries, the craft and trade sector is more or less the size of the broadcasting sub-sector (see Figure 3). In contrast, fewer individuals are employed in the performing arts, music or art sub-sectors. The vast majority of those employed in the culture and creative industries (over one million in total) work in just a few market segments, such as the software and games industry, advertising, the press and the design sub-sectors.

Figure 3: Benchmarked figures comparing the persons employed in the market segments of the culture and creative industries with the persons employed in craft trades active in the culture and creative industries (goal 1)

| Market segment | Persons employed 2009 |
|---|---|
| Art market | 16.570 |
| Music industry | 36.342 |
| Performing arts market | 41.256 |
| Broadcasting industry | 46.413 |
| Film industry | 57.927 |
| Book market | 74.607 |
| Architectural market | 103.921 |
| Press market | 126.475 |
| Design industry | 129.827 |
| Advertising | 149.216 |
| Software/games industry | 367.913 |
| Culture and creative industries | 1.023.546 |

Craft trades with CCI activities **45.152**

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An analysis of individual **structural indicators** reveals that a craft enterprise active in the culture and creative industries has 3.0 persons employed on average, with €218,000 in turnover generated per enterprise and €72,000 generated per persons employed. This means that these craft enterprises are smaller than enterprises in the culture and creative industries overall. They also generate less turnover per enterprise and the turnover per person employed is also lower.

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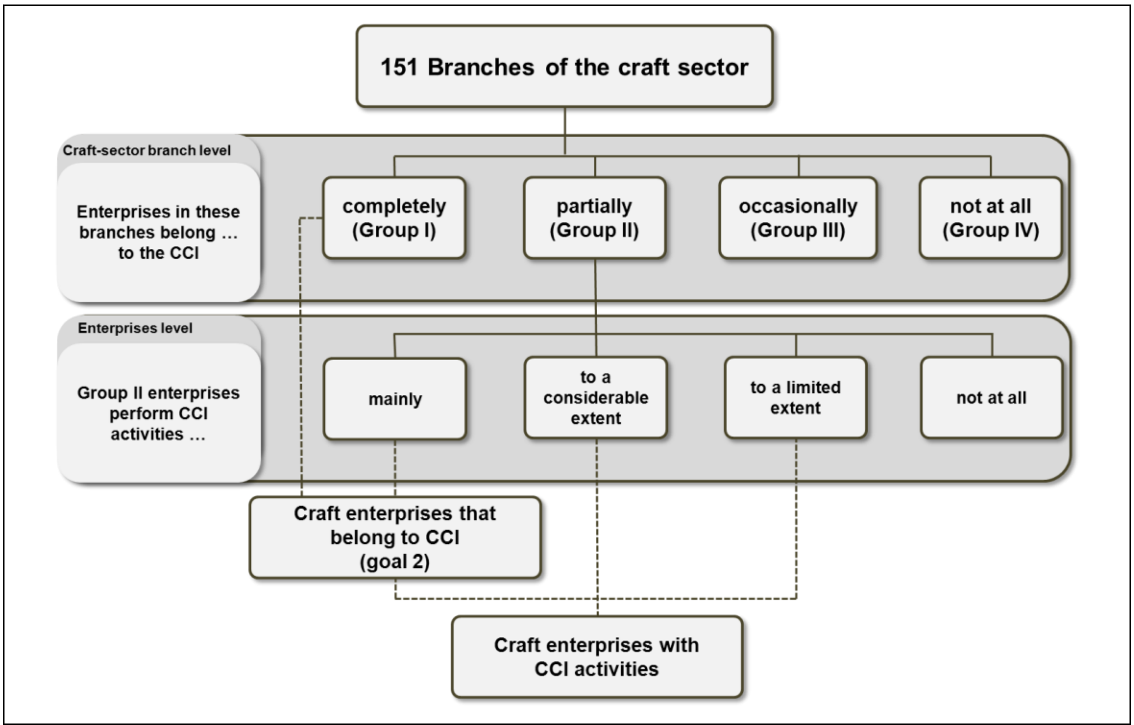
2 Enterprises with turnover below €17,500 are not considered in this analysis.

To illustrate the role the craft and trade sector plays in the culture and creative industries in greater detail, the share of craft enterprises in all the enterprises in the individual sub-sectors at the core of the culture and creative industries is analysed. Statistics available show that craft enterprises tend to dominate in economic sub-sectors 32.12 (manufacture of jewellery and related articles (gold and silver)) and 32.20 (manufacture of musical instruments).

### 4.3 Results for goal 2: Identifying the overall culture and creative industry activities in the craft and trade sector

The second goal of the study was to gather data on culture and creative industry activities in the craft and trade sector that go beyond the formal statistical core. The number of such enterprises is calculated by adding the enterprises in the sectors in Group I to the enterprises that belong to the branches of the craft and trade sector in Group II and mainly perform culture and creative industry activities. This procedure is illustrated in Figure 4.

Figure 4: Procedure for determining the craft and trade sector active in the culture and creative industries (goal 2)

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According to the results of the empirical survey a total of 55,232 **craft enterprises** are mainly active in the culture and creative industries (see Table 4). This is roughly 40,000 businesses more than can be assigned to the eleven market segments as part of Goal 1. Of these 55,000 or so businesses, 21,000 (39 percent) belong to the branches of the craft and trade sector where all the businesses, by definition, belong to the culture and creative industries (Group I), and roughly 34,000 (61 percent) to craft trade branches in which only some of the businesses are active in the cultural and creative market (Group II). As the overall calculation is based on conservative data (for example it was not possible to include craft enterprises in Group III that perform cultural and creative activities or artisans not listed in the official register of craft trades), these figures should be regarded as minimum values.

Table 4: Craft enterprises active in the culture and creative industries, associated workforce and turnover generated in 2010

| | Enterprises | Enterprises which perform CCI activities | | | | no activities |
|---|---|---|---|---|---|---|
| | | mainly | to a considerable extent | to a limited extent | total | |
| **Enterprises** | | | | | | |
| Completely CCI | 21.531 | 21.531 | | | 21.531 | |
| Partially CCI | 288.192 | 33.701 | 58.466 | 58.954 | 151.121 | 137.071 |
| **TOTAL Group I + II** | **309.723** | **55.232** | **58.466** | **58.954** | **172.652** | **137.071** |
| **Persons employed** | | | | | | |
| Completely CCI | 68.130 | 68.130 | | | 68.130 | |
| Partially CCI | 1.601.210 | 170.686 | 315.545 | 318.876 | 805.107 | 796.103 |
| **TOTAL Group I + II** | **1.669.340** | **238.816** | **315.545** | **318.876** | **873.237** | **796.103** |
| **Turnover (in thousand €)** | | | | | | |
| Completely CCI | 4.799.645 | 4.799.645 | | | 4.799.645 | |
| Partially CCI | 147.114.902 | 14.605.439 | 29.091.022 | 28.585.897 | 72.282.358 | 74.832.544 |
| **TOTAL Group I + II** | **151.914.546** | **19.405.083** | **29.091.022** | **28.585.897** | **77.082.003** | **74.832.544** |

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Enterprises and persons employed as of 31/12

Sources: Federal Statistical Office (2011); 2011 survey on the craft trades active in the culture and creative industries; own calculations

The number of **persons employed** in craft enterprises that are mainly active in the culture and creative industries totals roughly 240,000, with some 180,000 employees liable to social insurance deductions. Of these, over 70 percent (170,686) come from businesses in craft sub-sectors belonging to Group II, while the remaining 70,000 are employed in businesses in Group I.

In 2010, **turnovers** totalling roughly €20 billion were generated by craft enterprises that are mainly active in the culture and creative industries, with the majority (75 percent) coming from businesses in sub-sectors in Group II.

If the data are broken down by individual **craft sub-sectors,** it appears that cultural and creative industry activity is mostly concentrated among photographers, goldsmiths and silversmiths in Group I, and among painters and lacquerers; tile, slab and mosaic layers; and brick-layers and concretors in Group II. If the number of persons employed and the turnovers generated are also considered, attention should also be paid to metal persons employed and sign and illuminated advertisement makers in addition to the sub-sectors cited.

To better gauge the **importance** of cultural and creative craft trades **within the craft and trade sector**, the data were benchmarked against the data for the entire craft and trade sector. The analysis shows that 74 of the 151 craft and trade sector branches (i.e. roughly 50 percent) fall into Groups I and II, i.e. industries all or some of whose enterprises belong to the culture and creative industries. The craft trades active in the culture and creative industries account for just under 7 percent of all craft enterprises, employ 4.5 percent of all individuals working in the craft sector and generate 4.1 percent of the craft and trade sector turnover (see Table 5).

Table 5: Data on the craft and trade sector active in the culture and creative industries benchmarked against the overall craft and trade sector in 2010

| | Enterprises | Persons employed | Turnover |
|---|---|---|---|
| | *absolute* | | *in thousand €* |
| Total craft trades | 825.340 | 5.273.958 | 467.601.065 |
| Craft trades active in the culture and creative industries* | 55.232 | 238.816 | 19.405.083 |
| Share of the overall craft trades sector | 6,7% | 4,5% | 4,1% |

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*including enterprises with turnovers below €17,500

Sources: Federal Statistical Office (2011): 2008 craft trades census; 2011 survey on the craft trades active in the culture and creative industries; own calculations

Corrected and updated data of the 2008 craft trades census

By comparing the 55,000 or so craft enterprises that are active in the culture and creative industries with the conventional craft groups, it is clear that there are fewer enterprises in the health care and food sector than in the culture and creative industries (see Figure 5). The number of enterprises in the automotive sector is only marginally higher. This clearly illustrates that craft enterprises active in the culture and creative industries are a sizable force within the craft and trade sector overall.

Figure 5: Comparison of the number of enterprises in the groups of craft trades with the number of craft enterprises active in the culture and creative industries

| Groups of craft trades | Enterprises in 2010 |
|---|---|
| Health | 23.595 |
| Food | 35.308 |
| Automotive | 59.664 |
| Craft trades for commercial use | 97.132 |
| Construction proper | 112.521 |
| Craft trades for private use | 180.597 |
| Finishing trade | 317.268 |

Craft Trades with CCI activities **55.232** (Enterprises in 2010)

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If certain **structural indicators** are also applied for the purpose of further comparison, it is found that a craft enterprise active in the culture and creative industries employs 4.3 individuals on average, generates an average turnover of €351,000, which can be broken down to €81,000 per person employed. These figures are lower than for the craft and trade sector overall and indicate that craft enterprises active in the culture and creative industries have a micro-enterprise business structure.

**Also considered: craft enterprises with limited to considerable CCI activities**

Up to now, this study has only considered craft enterprises whose turnovers are generated primarily in the domain of the culture and creative industries. If we also factor in the Group II craft enterprises that only derive a limited or considerable amount of their turnover from CCI activities, the number of enterprises increases by roughly 118,000. As a result, approximately 175,000 craft enterprises are linked to the culture and creative industries. This is equivalent to around 22 percent of all craft enterprises. These enterprises have roughly 900,000 employees who generate turnovers in the region of €77 billion. The figures indirectly indicate that the potential for cultural and creative industry activities in the craft and trade sector is relatively high.

**Fields in which craft enterprises with a CCI focus are active**

As already mentioned, the cultural and creative industry activities of craft enterprises can be divided into the areas of “heritage CCI” and “contemporary CCI”. From the results of the empirical survey it is clear that “contemporary CCI” predominates, with over 80 percent of enterprises belonging to this group. In contrast, the “heritage CCI” domain only plays a minor role; only the main construction industry and the finishing trades have a higher number of enterprises operating in this field. However, “contemporary CCI” is also the main area of activity of these enterprises. It should also be noted that a relatively small percentage of craft enterprises can be assigned to both areas, the bulk of which come from the construction sector.

## 4.4 Characteristics of craft enterprises active in the culture and creative industries

The results of the structural survey were analysed and evaluated based on a number of attributes to enable the more detailed characterisation of the craft and trade sector active in the culture and creative industries. The analysis showed that craft firms with a cultural and creative industry focus are primarily **micro-enterprises**. Over 50 percent of the businesses are sole traders (as opposed to a good 40 percent in the overall craft and trade sector) and less than 7 percent have ten or more employees (see Table 6). This means that well over 90 percent of the craft enterprises active in the culture and creative industries are micro-enterprises as defined by the EU. Therefore the EU definition which refers to all businesses with fewer than ten persons employed as “micro-enterprises” and does not offer further differentiation is not very helpful in this context.

However there are certain differences within the CCI craft and trade sector. For example, enterprises in the building industry or the “heritage CCI” field are somewhat larger than enterprises catering to the private needs of individuals or enterprises in the “contemporary CCI” group.

Table 6: Enterprise size class of craft enterprises performing culture and creative industries activities

| Employee number categories | 1 | 2 - 4 | 5 - 9 | 10 - 19 | 20 - 49 | 50 + | Total |
|---|---|---|---|---|---|---|---|
| **Goal 1:** | | | | | | | |
| Craft trades in core CCI area | 52,1% | 28,7% | 12,8% | 4,7% | 1,7% | 0,0% | *100%* |
| **Goal 2:** | | | | | | | |
| Total CCI craft trades | 52,4% | 28,2% | 12,8% | 5,2% | 1,3% | 0,1% | *100%* |

*ifh Göttingen*

Source: 2011 survey on the craft trades active in the culture and creative industries

Given the business size structure illustrated above, it is hardly surprising that quite a lot of enterprises are run as **business sidelines** (roughly 20 percent). This share is relatively high particularly among enterprises in segments in Group I, while such business sidelines are relatively uncommon in the building industry (Group II).

Private customers are by far the most important **customer group** for craft enterprises active in the culture and creative industries. This is followed by industry and other craft trade firms. Custom from trade and commerce, public contractors, the church and the art market and galleries is less important.

There are considerable differences between the individual craft trades. Industrial customers or customers from other craft trades only play a significant role for a few branches of the craft and trade sector, particularly sign and illuminated advertisement makers. Ecclesiastical clients are important primarily for organ and harmonium makers. In contrast public contractors are key customers for book binders. While ecclesiastic and public-sector clients are important for enterprises in the heritage CCI group, enterprises that focus on the contemporary culture and creative industries primarily sell their products and services to private customers.

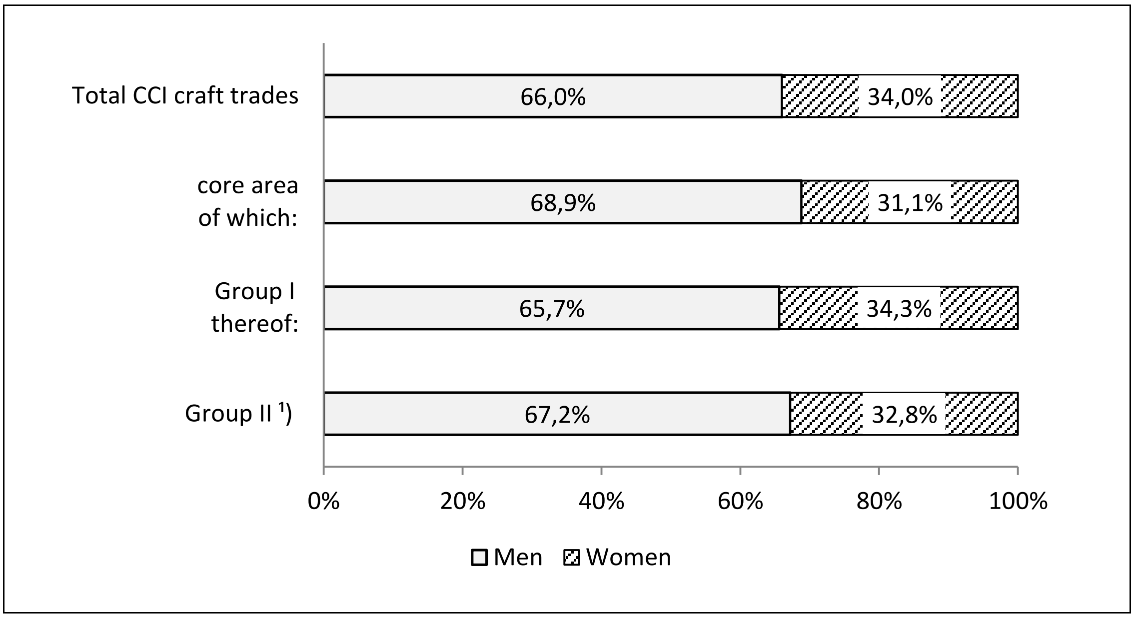
In the craft and trade sector with a cultural and creative industry focus, **turnover** is predominantly generated from the sale of own produce (44.6 percent). Furthermore, craft-type services also play a significant role (32.8 percent). The sale of merchandise accounts for roughly 13 percent of the overall turnover, and the conservation or restoration of historical objects and buildings for approximately 10 percent. This latter result is largely attributable to enterprises in the construction and finishing sector.

An analysis of the **cost structure** of craft enterprises active in the culture and creative industries reveals that materials are the predominant cost factor, accounting for 30 percent of all costs, ahead of labour costs (27 percent) and other costs (24 percent). In contrast, merchandise for resale and third-party services were less significant cost factors, making up for approximately 11 percent and 7.5 percent respectively of the overall costs. On the other hand, labour costs are considerably higher in the “heritage CCI” field, accounting for roughly 40 percent of overall costs.

As the total amount of third-party services, material input and merchandise for resale is an indicator of an enterprise’s purchased inputs, the gross value added is likely to be higher the lower the purchased inputs. The results of the study clearly demonstrate that the gross value added is higher among craft enterprises active in the culture and creative industries than among the other craft enterprises. This is particularly true of enterprises active in the “heritage CCI” domain.

With regard to the personal attributes of the owners of craft enterprises active in the culture and creative industries, it is found that - at 34 percent - the **percentage of women** is higher in these enterprises than in the craft trades sector on the whole (approx. 25 percent), (see Figure 6). Relatively speaking, however, even more businesses are run by women (40-44 percent) in the culture and creative industries overall. The percentage of women is particularly high among tailors and dressmakers, and to a lesser extent among potters, photographers, furriers, goldsmiths and silversmiths. The proportion of women in the “heritage cultural and creative industry” sector is lower as these enterprises mainly come from the building industry where very few companies are run by women to date.

Figure 6: Gender of owners of craft enterprises active in the culture and creative industries




*ifh Göttingen*

1) only craft enterprises with mainly CCI activities
Source: 2011 survey on the craft and trade sector active in the culture and creative industries

A closer look at the **professional qualifications and skills** of persons employed in craft enterprises active in the CCI reveals that roughly 77 percent of all the enterprises has one person employed with at least a journeyman’s licence (*Gesellenprüfung*), followed by 57 percent with a licence as a master (*Meisterpüfung*). One in four enterprises has an employee with a university degree or qualification from a technical college. Fewer than 7 percent of persons employed have a specialised craft trade qualification as a conservator (*Restaurator im Handwerk*) or designer (*Gestalter im Handwerk*) - or other qualifications for the preservation of historical monuments - which are specific to the culture and creative industries. Gilders, carpenters, persons employed in the main construction industry, makers of musical instruments and bookbinders are the professions that are most likely to have a specialist conservator qualification (*Restaurator im Handwerk*). On the other hand, those working with gilders, turners, goldsmiths and silversmiths are more likely to hold a *Gestalter im Handwerk* designer qualification.

## 5. Description of the craft and trade sector active in the culture and creative industries

In addition to the quantitative data identified, a qualitative description of the scope of individual craft trades seeks to provide a specific insight into the activity structures of the craft and trade sector relevant to the culture and creative industries. To this end, it was decided to compile a list of craft enterprises[3] that provide a particularly clear insight into the cultural and creative industry activities performed in the particular craft.[4] This list contains enterprises from all seven fields of activity that are active in the realm of design, the preservation of architectural and cultural heritage, the manufacture of musical instruments, arts and crafts, or innovative and creative collaboration with engineers and architects in the built environment to an extent that is well beyond what is considered routine business.

Ten enterprises that offer **best-practice examples** (see Overview 2) were interviewed on the basis of a detailed interview guide. The aim is to provide a deeper insight into the structures and external conditions of craft enterprises working in the culture and creative industries, and identify the characteristics of craft enterprises with a cultural and creative focus.

The following section takes this information and analyses it on the basis of different business characteristics, such as the enterprises' competitive situation, internationalism, marketing, procurement, participation in partnerships and the professional qualification and skills development of the owners and employees.

Overall, only a handful of the enterprises sampled limit their business activity to the craft in which they originally trained, and most have considerably expanded their **range of products and services**. This is particularly true of an enterprise active in the metal welding and reshaping branch. Having originally started off as a car-body maker specialising in vintage cars and the construction of car-body prototypes, it expanded its operations to diverse fields, ranging from work in the architectural and built environment to rendering design concepts into impressive custom pieces.

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[3] The list of all the 85 examples chosen can be found in the longer version of the document (Series: Göttingen Craft Industry Studies, No. 84).

[4] Furthermore, the long version (Study No. 84) also contains profiles of 10 branches of the craft and trade sector that are relevant to the culture and creative industries.

Overview 2: Characteristics of craft enterprises active in the cultural and creative industry: best-practice examples

| Enterprise name<br>Place/ZIP code<br>Homepage | Craft trade<br>(according to Crafts and Trade Code) | Chamber of Craft Trades | Special services, skills and qualifications | Awards and references |
|---|---|---|---|---|
| Inka Biedermann<br>Master bookbinder<br>30161 Hannover<br>www.artes-et-libri.de | Bookbinder | Hannover | - Book cover and binding services, custom-designed albums and scrapbooks, reprints, professional support and advice to create personalized books – from your idea to the finished product.<br>- Combines unusual and modern materials with traditional techniques<br>- Restoration | - Collaboration with film-making companies, including the creation of promotional material for filming one of Ken Follett's books<br>- Reproduction of Nobel Prize Certificate<br>- 2006 "Miniature Designer Bindings", Grolier Club, New York City, USA<br>- 2005 "Most Beautiful German Books Award" granted to "Sei to Sei"<br>- 1995 The Tregaskis Centenary Exhibition, London, Sheffield, Bath<br>- 1993 1st and 2nd Prize at the "Het Goede Handgebonden Boek"Competition in Amsterdam<br>- 1992 1st Prize at the Youth Achievements Competition, Fulda |
| Dornblüth & Sohn<br>39624 Kalbe/Milde<br>www.dornblueth.com | Watchmaker | Magdeburg | - Production of high-quality mechanical watches for the luxury goods market, various designs available with a stainless steel, gold or platinum casing. Prices ranging from €2,700 to €12,900 per model.<br>- Development and manufacture of own handcrafted watches, including most small parts, such as cogs, springs and screws.<br>- Approx. 120 watches made each year for clients all over the world | - 2010 Winner of the Foreign Trade awarded by the Magdeburg Chamber of Craft Trades |
| Manfred Zimmermann<br>Master Photographer<br>30179 Hannover<br>www.manfredzimmermann.de<br>www.euromediahouse.de | Photographer | Hannover | - Communication and Media Centre<br>- Core focus: photography, graphic design, Internet (complete range of services from conceptual design and programming to website maintenance and hosting) | - 2006 Awarded the Nikola Tesla Medal by the IVAS Academy of Fine Arts, Belgrade (Association of Independent Professional Photographers of South East Europe)<br>- 2001 Belgrade Photography Award granted by the European Academy for Photography<br>- 2000 National Prize of Lower Saxony for Arts and Crafts (catalogue)<br>- 1999 Named the first German portrait designer by the Designer's Digest magazine<br>- 1998 Gold Medal from the Chinese National Assembly for Photography<br>- 1980 German Business Photography Award from the German Minister of Economics<br>- 1979 European Master in Photography, awarded by Europhot<br>- 1974 International Advertising Competition, VDNA Award in Berlin |
| Handwert Möbeldesign Julia Danckworth & Ike Formen<br>52080 Aachen<br>www.handwert-moebeldesign.de | Joiner | Aachen | - Professional design and construction of items of furniture, not too conventional, with the courage to deliver different, unusual solutions<br>- Development of innovative solutions for designs and interior design, minimalistic, abstract, modern, sometimes classic, sometimes timeless | - 2010 Female Entrepreneur Award (Danckworth, Julia)<br>- Master designer (Danckworth, Julia)<br>- Skilled craft designer (Formen, Ike)<br>- Participation in curated European market for arts and crafts in Aachen |
| Heidi Folprecht-Pscheida<br>01640 Coswig<br>www.blaudruckerei-folprecht.de | Hand-printed textiles<br>(hand-block printing) | Dresden | - Production of traditional block prints with traditional equipment, as well as modern and contemporary products<br>- Performing the art of hand-block printing using unaltered technology, with traditional patterns primarily from the Saxony region<br>- Guided tours of the workshop for visitors and courses for people interested in the craft | - Participation in numerous events: Internationale Handwerksmesse Trade Fair in Munich, Graz Arts and Crafts Fair, various fairs in Dresden, exhibitions in South Tyrol, Italy, Hanover, Berlin, Annaberg-Buchholz, Chemnitz, Meißen, Moritzburg, Großenhain and Erkrath, International Linen Fair in Rammenau, Dresden Elbhangfest (festival along the Elbe river), Dresden city festival and many more |

| Enterprise name<br>Place/ZIP code<br>Homepage | Craft trade<br>(according to Crafts and Trade Code) | Chamber of Craft Trades | Special services, skills and qualifications | Awards and references |
|---|---|---|---|---|
| Kramp & Kramp GmbH + Co. KG<br>32657 Lemgo-Lieme<br>www.kramp-lemgo.de | Joiner,<br>carpenter,<br>brick layer | Bielefeld | - Active in the conservation of historical monuments: professional restoration, reconstruction and repair<br>- Half-timbering restoration projects: roof framework restoration with appraisal, documentation, damage assessment and restoration plan<br>- Historical windows: professional restoration, faithfully replaced to reflect the original style, energy-saving modifications<br>- Façade restoration and preservation of structures: wattle and daub, plastering, mouldings, stone, statics and repairs<br>- Refurbishment of residential buildings: consulting, planning, energy advisory service and building supervision to execution from a single source | - 2009 National Award for Craft Trades in Historical Monument Preservation<br>- 2009 Daniel Pöppelmann Medal<br>- 2006 Specialist for Historical Monument Preservation® (seal of quality underlines quality standard)<br>- 2003 Winners of the Competition for the Protection of Historical Monuments and Maintenance of Historical Building Fabric<br>- 2003 "Faszination Handwerk" award<br>- 2002 Denkmal – European Fair for the Preservation of Historic Buildings and Monuments and Urban Renewal<br>- 2001 Nationwide competition hosted by BHU: energy-saving in historic buildings<br>- 2000 1st Prize at the National Awards for Craft Trades in Historical Monument Preservation in North-Rhine Westphalia |
| Maike Dahl<br>30453 Hannover<br>www.maikedahl.de | Goldsmith and silversmith | none | - Production of containers, utensils and silverware for everyday use (individual items in silver)<br>- Modern design, influenced by "take-away" tableware | - 2008 Auguste Papendieck Award<br>- 2007 National Prize of Lower Saxony for Arts and Crafts<br>- 2005 Honourable mention, Friedrich Becker Award, Düsseldorf<br>- 2004 Shortlisted for Homes and Property Award, Chelsea Crafts Fair, London<br>- 1999 1st Prize, Deumer.Design Award, Düsseldorf<br>- Work exhibited in public collections, such as the Birmingham City Museum, August Kestner Museum etc.<br>- Products sold in Germany and Great Britain |
| Martelleria Studio für Blechformtechnik<br>85659 Forstern<br>www.martelleria.de | Coachbuilder | München und Oberbayern | - Qualified designers (Gestalter im Handwerk)<br>- Car body building, vintage car restoration (BMW Museum, Munich), construction of car-body prototypes<br>- Special production of original metal pieces for designs and architectural projects<br>- Rendering of designs into custom pieces, e.g. for Ingo Maurer, Munich<br>- Highly specialized in metal reshaping (several metro train stations in Munich) | - 2005 Winner of the National Prize of Bavaria, Arts and Crafts Fair<br>- Restoration of vintage cars for the BMW Museum in Munich<br>- Creation of architectural elements for the tower of the Milan trade show<br>- Trade show experience |
| Mayer´sche Hofkunstanstalt und Glasmalerei GmbH<br>80335 München<br>www.mayersche-hofkunst.de | Glass and china painter | München und Oberbayern | - Glass painting and mosaics<br>- Rendering of artistic designs in glass and mosaics and of international art-and-building projects<br>- International presence, particularly active in the United States and the Middle East | - 2000 Bavarian State Prize<br>- Various partnerships, including partnerships with Frei Otto and Robert Wilson |
| Werner Bosch Orgelbau GmbH<br>34266 Niestetal<br>www.bosch-orgelbau.de | Organ and harmonium maker | Kassel | - Production of new large-scale, small-scale and workshop organs<br>- Maintenance, repair, renovation, restoration, reconstruction and servicing<br>- Tuning and intonation | - Organs built in many countries, including Germany, Korea, Japan and United States<br>- Organs exported to 26 countries<br>- Market leader in Japan with approx. 100 organs supplied |

The smaller craft enterprises tend to diversify less. Keen attention to the detail and quality of their products and work is, however, common to all enterprises. Production generally focuses on individual pieces, with small-scale production only reported in isolated cases. While some enterprises primarily concentrate on implementing individual customer requests, others realise their own ideas through the medium of their art and craft. Authenticity, pleasure from the creative work and the level of self-fulfilment this brings occupy centre stage for micro-enterprises in particular. In practically all the case studies, manual work is a dominant feature of the production process, indicating a high degree of added value. The creative act, being fundamental to the culture and creative industries, constitutes the point of departure and is at the core of every cultural and creative activity.

If more than one individual works in the enterprise, **work** can be said to be **organised** as teamwork, with traditional tools or historical machines often taking the place of sophisticated technology. As fixed costs are relatively low, this adds to the enterprises' potential flexibility.

The enterprise owners are generally qualified to the master craftsman level (*Meisterprüfung*) and have often worked abroad after qualifying or have earned additional qualifications. High-calibre work is central to the creation of unique and individual products. To deliver on this goal, it is essential to have a skilled **employee** base. As the opportunities for finding such individuals on the labour market are limited, our case studies - when not sole traders - attach great importance to the training of apprentices. University graduates sometimes also work in these enterprises, and staff members regularly receive advanced and further training. All-rounders who enjoy working in a team environment constitute the type of person employed particularly needed in craft enterprises active in the culture and creative industries.

With regard to the **sales market**, private customers tend to dominate in most of the examples, as the empirical results in Section 4.4 already suggest. They are often aficionados of the art or affluent private individuals. Larger jobs are generally commissioned by commercial customers or the public sector, however.

Given the high quality standards that are common to all the enterprises, it is not surprising that virtually all the enterprises listed have already won an award for their products and work. In this respect, it is important to mention that some such awards were open to all business enterprises and therefore required craft enterprises to beat contenders from other business sectors. Some craft enterprises were even successful at the international level here. The 85 enterprises in our case studies claim to have won over 100 prizes or awards which, at the very least, can be seen as an indicator of top-quality workmanship and creativity.

The enterprises primarily cited **references** from the conservation and built environment segments. Even the micro-enterprises provide impressive references, such as the large-scale folder in the form of a mediaeval "book" which was used as promotional material for the filming of "Pillars of the Earth" by Ken Follett.

The craft enterprises did not receive such commissions because they were particularly cheap but because the high quality of their work set them apart from the competition, or because they serve small **niche markets** where few competitors operate. Thanks to specific production techniques and the associated exclusivity of the products, some enterprises have unique selling points that secure their position in a given niche market. This unique selling point is sometimes attributable to the pioneering nature of the product or the individuality of the enterprise's product and service portfolio.

Apart from the exclusive range of products and services on offer, the enterprises' strong competitive position is also due to the **capacity for innovation** which they demonstrate. Incremental innovation is the focus of the best-practice examples. This frequently involves lending a degree of exclusivity or a certain individual flair to an already established product. In a few cases, the innovations are rather radical, making the switch to new products and securing additional lines of business for the enterprises. For other enterprises, innovation takes the form of one or more patents or protection under patent law for brands, utility models or designs. The receipt of awards for innovation is also a key indicator of the innovativeness of the enterprises.

The scope and reach of the enterprises is not solely limited to the domestic German market, as most are also successful at the **international** level. A few of the larger enterprises even generate the lion's share of their earnings outside Germany. Many of the micro-enterprises are also active abroad, however. A substantial percentage of the enterprises – particularly those in the building sector – can boast high-profile references in foreign countries. However, some craft enterprises active in the culture and creative industries intentionally focus exclusively on the German market. This is particularly the case if close contact to the client is essential, which is enabled by regional proximity.

Diverse customer acquisition measures and intensive **marketing** are a key prerequisite to filling orders. In this connection it is interesting to note that almost all the enterprises surveyed mentioned the importance of word-of-mouth advertising and strong networking. Word quickly gets around about the quality and singularity of the products and services, with customers often acting on a recommendation and contacting the enterprise. A range of other activities also plays an important role. For example, some entrepreneurs organise courses, seminars and workshops themselves, or speak at bigger events. Here, the focus is always on presenting the range of activities of the particular craft trade to an interested audience and drumming up new business in this way.

Particular importance is also attached to participation in well-known national and international **trade fairs** and **exhibitions**, with some enterprises even winning the prize for the best exhibit at such events. Priority is given to events that focus primarily on art and/or design. In contrast, trade shows and exhibitions that centre on restoration work and the preservation of historical monuments figure less prominently. It must also be noted that trade fairs and exhibitions are not equally as important to all the enterprises. Some enterprises prefer to limit their participation to smaller and more fitting sales platforms.

Aside from participation in trade fairs, **websites** are becoming an increasingly important sales channel as they provide a suitable platform for even micro-enterprises to promote their portfolio of services worldwide. Rather than using the websites as a medium to acquire initial customers, the enterprises tend to see them as a way to present their products and services worldwide, which greatly facilitates international sales. Furthermore the Internet can be used to manage customer contact.

For most of the enterprises, **procurement** is of secondary importance as the high degree of value added by the enterprises themselves means that little has to be supplied or procured in advance. Most enterprises have a close and constructive relationship with their suppliers. Suppliers are primarily based in their region, but some come from further afield and even from abroad in a few cases.

**Partnerships** are also key to the success of the business, with much importance attached to collaboration with colleagues from the craft trade. The focus here is on knowledge transfer and the exchange of specialist information and ideas, and on a framework for working together on larger projects or helping each other out in peak periods. In some cases employees were also loaned, which drives knowledge transfer. Furthermore, enterprises also frequently collaborate with businesses from other trades in order to offer a single-source service. Outside the craft and trade sector, enterprises tend to work closely with artists. Other partners include architects, civil engineers, art consultants, art historians, museums, churches, collectors and regional offices for the preservation of historical monuments.

According to the information provided, only a handful of enterprises have close **ties with research institutes or universities,** such as the photographer who works closely with a research institute in the craft and trade sector. Other enterprises have expressed a desire to establish such relationships.

All the enterprises in our case studies claimed to have a very good relationship with the **chambers of craft trades**. This is also true of the silversmith who is not a member of the chamber. Almost all those surveyed described the training courses and events offered by the chambers as very good and use them to generate knowledge and drive innovation. Some of the enterprise owners are even personally involved in the events organised by the chambers. Virtually all the sample enterprises in our survey underlined the positive effect a master craftsman qualification had on the quality of their own particular craft and added that this should be reinforced to secure the quality of the work in the future. Some businesses, particularly the micro-enterprises, did express some criticism of the craft industry organisations, however. For example, the chambers of craft trades should do more to promote a modern image of the craft that also appeals to younger clients. This gap appears to be more pronounced among the guilds, however.

The enterprises in our case studies made several suggestions to **promote** the creative craft and trade sector. Micro-enterprises would like more support to help them market their products or take part in trade fairs. Special premium trade shows or similar exclusive sales and presentation events could also be of great help. A special sophisticated Internet platform would also be an improvement. Banks' lending mechanisms were often criticised as the enterprises felt that the lending criteria and KPIs did not cater at all to the special business situations of creative craft enterprises. Enterprises would welcome bridging finance or start-up funding which could take the edge off sharp fluctuations in business activity that are typical of this sector.

## 6. Measures taken by craft industry organisations to promote cultural and creative industry activities among craft enterprises

Given that the majority of craft enterprises involved in the cultural and creative industry are micro-enterprises, it is interesting to examine what support they receive from external craft institutions, such as chambers of craft trades or professional associations. For this reason, this final section looks at the measures and initiatives taken by craft industry organisations to foster and promote craft trades with a cultural and creative industry focus. The information is primarily based on a survey which the *ZDH* conducted on craft industry organisations in spring 2011, which was then evaluated by the *ifh Göttingen*. At over 66 percent, the response rate of the chambers of craft trades was relatively high. In contrast, that of the professional associations was relatively low. This can be put down to the fact that many associations do not deal with this topic.

When analysing the results, a distinction must be made as to whether promotional measures are within the framework of general tasks that are performed by all the chambers – such as trade and craft promotion or initial and further training – or whether special promotional activities are introduced and pursued to a greater or lesser degree by the individual chambers.

With regard to trade and craft promotion, the focus is on free business advice and guidance which is provided by the chamber advisers. Some chambers have even appointed a dedicated adviser for design and the preservation of historical monuments who can lend specific support to artisans active in the culture and creative industries.

In the field of initial and further training, the chambers of craft trades are responsible for regulating the training system and holding the examinations to qualify as a journeyman and master craftsman. Special education and professional training centres are organised to this end. The examinations for journeyman-level and master-level craftsmanship are an important qualification instrument for all craft enterprises, including those active in the culture and creative industries. Such a qualification is mostly not possible in trades similar to crafts, however. Furthermore, the chambers offer a wide range of skills development and qualification programmes, the most important being the advanced training courses to achieve a conservator qualification (*Restaurator im Handwerk*), which is possible in 14 branches of the craft and trade sector, or a qualification as a designer (*Gestalter im Handwerk*), which is generally open to any qualified craftsperson.

The PR and information activities of the craft industry organisations are not to be underestimated. Their publications often run features on craft enterprises active in the culture and creative industries, presenting a detailed profile of the enterprises. Furthermore the websites of some of the chambers offer a wide range of information on the field of “design and cultural heritage conservation”.

The awarding of prizes and the organisation of competitions are among the most important special activities performed by craft industry organisations. Prizes are mostly awarded by a craft industry organisation, frequently in tandem with other organisations. Craft industry organisations also play a key role in the organisation, application and adjudication procedure for awards and prizes granted by other institutions (often a *Bundesland* or a foundation). It must also be noted that through their network of institutions, the chambers of craft trades can easily contact their member enterprises and inform them in time about relevant upcoming competitions and award events.

The activities of craft industry organisations at trade shows, exhibitions or markets constitute another instrument in the promotion of the craft and trade sector active in the culture and creative industries. At larger-scale exhibitions and trade fairs, craft industry organisations organise joint stalls which interested craft enterprises can share to present their goods and services. This is particularly the case for international events.

Furthermore, trade exhibitions also often stage special shows with a cultural and creative focus where individual craft enterprises can showcase their work in “live workshops”. These “craftsmen at work” demonstrations with a cultural and creative focus can be seen at numerous arts and crafts markets. The popular artisan markets, often held with the participation of a guild, also attract great interest.

There are also several ways for craft enterprises active in the culture and creative industries to present their work within the actual chamber building as many chambers have special exhibition rooms or galleries housing permanent or temporary exhibitions on a wide range of topics. “Arts & crafts and design,” “conservation and renovation” and “architecture and historical building preservation” are key topics covered. The chambers of craft trades also perform an important function in documenting the cultural and creative activities of the enterprises in their libraries, archives, photographic databases and various collections. There are considerable differences in the extent to which the chambers of craft trades carry out this function, however.

In an effort to promote crafts with a cultural and creative industry focus, the craft industry organisations often enter partnerships or become members of special networks. Partners include research institutes or universities that are influential in the field of design or in the arts and crafts/applied arts segment. Art museums that feature or purchase contemporary pieces are also important, as are libraries and library associations. Valuable information for the craft enterprises can also be gathered through partnerships with archives. Exhibition alliances and coordinated local activities with relevant museums and galleries increase public awareness both within and outside the region. Particularly in the field of arts and crafts/applied arts, this boosts the sale of artefacts and helps enterprises win new customers.

Overall it was found that craft industry organisations are actively involved at many different levels, which should be a great help to craft enterprises working in the culture and creative industries. At the same time, however, the assistance and help afforded by the individual chambers varies greatly. While basic promotion measures are carried out by all the chambers through general trade promotion and vocational training, additional activities differ widely from chamber to chamber, with some chambers far more active and committed to the promotion of the craft than others.

# 7. Implications for the economic policy debate

### The systematic approach

This study provides the first ever systematic link between the two economic sectors of craft trades and the culture and creative industries. This constitutes an important step towards duly recognising craft trades in economic policy within the general debate surrounding the culture and creative industries. Previous national or *Länder*-specific reports on the culture and creative industries tended to ignore the craft and trade sector or only dealt with it in passing. Only through the insistence of the German Confederation of Skilled Crafts (ZDH) did the culture and creative industries finally open up to the issues and concerns of the craft and trade sector.

From the very outset of the study it was clear that the craft and trade sector is a very multifaceted domain encompassing diverse cultural and creative industry activities. While some of the activities were easily identified, others only came to light with the help of a specific analytical methodology.

In establishing economic policy, it is very important to have a clear understanding of what the culture and creative industries entail. This principle also applies to the craft and trade sector as a field of the culture and creative industries.

This involved an analysis of the following systematic step, which seeks to identify a common core that can link the culture and creative industries and the cultural and creative segments of the craft and trade sector. The central core of the culture and creative industries is the "creative act" – a generic term used to describe the aesthetic rendering of ideas in the various market segments. This creative act has now also been identified to the same extent for the craft trades active in the culture and creative industries. As a result, the activities of craftpersons employed with a cultural and creative industry focus are on a par with the activities of independent artists, writers, musicians, designers etc. whom the culture and creative industries describe as "creators of original material". Therefore, craftspeople active in the culture and creative industries are regarded as true stakeholders and actors on the cultural and creative industry scene. This new definition of the role of craftspeople in the context of the culture and creative industries has far-reaching implications for future economic policy. For example, as the culture and creative industries have been given the role of driver of innovative processes it will also be necessary to examine how this role relates to craftpersons employed active in the culture and creative industries and apply it where necessary.

**Market heterogeneity**

The markets of the culture and creative industries are largely heterogeneous. Up to now, economic policy has found it difficult to find a single action and support strategy that fits them all. This problem is also true of the craft markets which are increasingly merging with other markets - a growing trend in certain business segments, such as musical instrument and jewellery making. While continuing to perform a centuries-old craft, industrial production techniques are complementing such segments more and more. Furthermore, regional markets have changed and their earlier reliable structure is no longer the same. In art and culture production digitisation and the Internet, in particular, have given rise to new niche markets, some at the interregional or even international level. A similar development is also taking place in the craft and trade sector active in the culture and creative industries. Here it is necessary to examine new support measures of economic policy to guarantee the success of the modernisation process.

**Inclusion of the craft and trade sector in the culture and creative industries at the international level**

This study takes the approach of including the craft and trade sector as an integral part of the culture and creative industries, a policy that is also being pursued in the European and international context. For example, as part of the *ESSnet Culture* project the European Commission has created a system for cultural statistics which, for the first time ever, includes “Arts and Crafts” as a field in its own right in the European definition of the cultural sector. In doing so, the European Commission has clearly elevated the status of the craft and trade sector and its associated cultural and creative industry practices. The craft and trade sector is recognised as a category of cultural and economic policy, and is taken seriously. Any future European policy surrounding the culture and creative industries will therefore also have to address the arts and crafts sector, and also specifically demonstrate what the European Commission will do to contribute to the future development of this market.

In a global context it has also been possible to establish the craft and trade sector as a cultural field in its own right in a prominent political document. Since 2009, UNESCO’s global *Framework for Cultural Statistics (FCS)* has broken down the cultural sector into six primary domains: A. Cultural Heritage, B. Performance and Celebration, C. Visual Arts and Crafts, D. Books and Press, E Audiovisual and Interactive Media and F. Design and Creative Services. Under the Visual Arts domain, craft trades are assigned their own individual field which extends far beyond the small arts and craft market. With this field UNESCO is specifically targeting the informal economic sector which plays a significant role in emerging economies and can largely be described as a cultural and creative craft and trade sector.

According to the UNESCO, the craft and trade sector is a strategic economic field in many emerging economies. Increasingly, the sector is also growing in importance in Asian countries, such as China, Japan, Korea or Taiwan, that regard cultural handicraft and arts and crafts as an inherent economic sector of their own national culture and creative industries.

On the whole, it is important to stress the strategic significance of the craft and trade sector to the culture and creative industries in Germany as it reminds us that – apart from the increasing digitalisation of the culture and creative industries – this heterogeneous economic sector has another important side that focuses on the production of tangible, physical items. With unique custom-made products, individual design and a high degree of manual labour characteristic of their age-old crafts, craftspeople active in the culture and creative industries could play a key role in defining the identity of these industries.

## 8. The results at a glance

The survey clearly revealed that the German craft and trade sector performs a wide range of cultural and creative industry activities, and it is therefore important to give due consideration to such work. Overall it was possible to identify roughly 16,000 craft enterprises that are active in one of the eleven market segments of the culture and creative industries as defined by the monitoring mechanism of the Federal Ministry of Economics and Technology. This means that around every twentieth enterprise in the culture and creative industries comes from the crafts sector. Such enterprises are somewhat smaller on average.

This is not the only contribution the craft and trade sector makes to the culture and creative industries, however. Many craft enterprises that clearly perform CCI-related activities belong to economic segments that do not form part of the culture and creative industries. Totalling roughly 40,000, these additional craft enterprises bring the tally of craft enterprises that are primarily active in the culture and creative industries to over 55,000. Employing 240,000 individuals and generating turnover of roughly €20 billion in 2010, these enterprises are very diversified, coming from 74 of the 151 branches of the craft and trade sector.

If we also include craft enterprises that only generate a limited or significant proportion of their turnover from CCI activities, this gives us 175,000 enterprises with some 900,000 persons employed and annual turnover of around €77 billion. These are conservative figures as it was not possible to include the branches of the craft and trade sector where only a few enterprises were likely to be active in the culture and creative industries.

While precise data are not available, much suggests that the value added of the craft enterprises active in the culture and creative industries is higher than in the rest of the craft and trade sector.

The results of a large-scale empirical survey among roughly 2,200 craft enterprises provided a more detailed profile of craft enterprises with a cultural and creative industry focus. 50 percent are sole-traders and 93 percent fall into the “micro-enterprise” category.

In line with this business size structure, a considerable proportion (approx. 20 percent) of the craft enterprises are operated as business sidelines. Compared with the craft and trade sector on the whole, it is relatively common for these enterprises to be run by women. Private households are clearly the primary customer group. The restoration or preservation of historical objects or buildings makes up roughly 10 percent of turnover.

Within the craft and trade sector active in the culture and creative industries, two specific areas can be identified that differ in essential respects: enterprises that specialise in fields of activity that can be described as contemporary (e.g. arts and crafts/applied arts, the built environment, design, creative services) and enterprises whose activities focus on historical buildings and objects, and often help preserve traditional cultural skills. Accounting for roughly 80 percent, enterprises from the contemporary fields are clearly the main enterprise type. Quite often, craft enterprises active in the historical (heritage) context come from the main construction industry and finishing trades, have more persons employed on average and are less frequently run by women. With regard to customer groups, public-sector contractors and churches play a relatively significant role, with less importance attached to private households.

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