CREATIVE INDUSTRIES IN LJUBLJANA URBAN REGION

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Abstract

In this paper, creative industries (CI) in the Ljubljana urban region are presented, considering the national context as well. First of all, the region is shortly presented and the main characteristics of CI in the region are described. The role of CI in the economy of Slovenia and Ljubljana is presented, together with the needs regarding CI in the region. Due to the important role of CI, support policies and funding of CI on national and regional level are analysed. As there is little support for CI in Slovenia, there are many opportunities for improvement of the current situation, which are presented as well. Since the current financial situation in Slovenia is not very promising, also crowdfunding, as a supplement to traditional funding, is briefly analysed.
1. Brief presentation of the region and creative industries in the region

1.1 Brief presentation of the region

Ljubljana urban region (LUR) coincides with the Osrednjeslovenska statistical region (Central Slovenia), which is one of the twelve Slovenian regions. It is the second largest Slovenian region in terms of size spreading on the territory of 2555 square kilometres, which presents a bit more than a tenth of Slovenia’s territory. The population of LUR is over 500,000 – a quarter of the total Slovenian population. This is the region with the highest density of population in Slovenia (199.1 people per square km) even though in European and global terms this is quite a low figure.

Figure 1: Ljubljana Urban Region in Slovenia

![Ljubljana Urban Region in Slovenia](http://en.wikipedia.org)


In the region’s employment structure, services present almost 70%, 28% presents the industry, and agriculture a bit more than 2%. LUR attracts 14.9% of all tourists in Slovenia, most being visitors from abroad (92%) (SURS, 2012). It has good traffic connections in all directions and is economically the most developed region. Wages in this region are the highest in the country and the region is also attractive from the migration point of view.
In LUR there is the biggest concentration of human resources, knowledge, and entrepreneurship, as well as opportunities, whether in capital or in the creative environment. The region's fast growth also brings complications and challenges alongside the opportunities, which have to be solved simultaneously. The city with its suburban settlements and natural environment is more and more intertwined with the inter-city region.

**Figure 2: Ljubljana Urban Region**

![Map of Ljubljana Urban Region](image)

**1.2 Creative industries in LUR**

Large urban areas and capital city regions dominate the CCI (Power, Nielsen, 2010). Since Ljubljana is the capital and the biggest city in Slovenia, it is no surprise that creative industries are concentrated here.

The occupational analysis of Ci in Slovenia (Murovec, Kavaš, 2010) confirmed the concentration of CCI around in the capital. The comparison between the shares of creative occupations in all occupations in Ljubljana, LUR and Slovenia (see Table 1) indicated a preference on the part of creative people to settle in Ljubljana. The share of individuals with a creative occupation living in Ljubljana was twice as large as the share of individuals with a creative occupation on a national level. Moreover, the share of individuals with a creative
occupation living in Ljubljana (with regard to individuals with all kinds of occupations living in Ljubljana) was significantly larger than the share of individuals with a creative occupation working in Ljubljana (with regard to individuals with all kinds of occupations working in Ljubljana). Therefore, it can be concluded that creative people tend to concentrate in Ljubljana. However, there was no single creative vocation that stuck out in Ljubljana, in relative comparison to other creative vocations.

**Table 1: Share of creative occupations**

<table>
<thead>
<tr>
<th></th>
<th>Slovenia</th>
<th>Osrednje-slovenska (residence)</th>
<th>Osrednje-slovenska (work)</th>
<th>Ljubljana (residence)</th>
<th>Ljubljana (work)</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of creative occupations in total occupations</td>
<td>1.5</td>
<td>2.4</td>
<td>2.3</td>
<td>3.3</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Murovec, Kavaš, 2010

Also the industrial analysis of CI in Slovenia (Murovec, Kavaš, 2010; Murovec et al., 2012) confirmed the concentration of CI in LUR - as much as 42 percent of all CI companies in Slovenia are located here. In Table 2 below, the comparison of the number of creative companies by different Slovenian regions is presented. Since in general, there is a tendency for all companies (also from other industries) to concentrate around the capital, the number of CI companies is also compared with the number of high tech, mid-high tech and all industries by regions. The comparison clearly demonstrates, that CI are more concentrated in LUR than other industries.
Table 2: The structure of CI companies by regions and comparison with high tech, mid-high tech and all industries

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of companies</th>
<th>Share of companies with regard to specific industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>CREATIVE INDUSTRIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Pomurska</td>
<td>357</td>
<td>2.990%</td>
</tr>
<tr>
<td>2 Podravska</td>
<td>1,637</td>
<td>13.709%</td>
</tr>
<tr>
<td>3 Koroška</td>
<td>291</td>
<td>2.437%</td>
</tr>
<tr>
<td>4 Savinjska</td>
<td>1,110</td>
<td>9.296%</td>
</tr>
<tr>
<td>5 Zasavská</td>
<td>156</td>
<td>1.306%</td>
</tr>
<tr>
<td>6 Posavška</td>
<td>266</td>
<td>2.228%</td>
</tr>
<tr>
<td>7 Jugovzhodna Slovenija</td>
<td>465</td>
<td>3.894%</td>
</tr>
<tr>
<td>8 Ljubljana Urban Region</td>
<td>4,983</td>
<td>41.730%</td>
</tr>
<tr>
<td>9 Gorenjska</td>
<td>1,045</td>
<td>8.751%</td>
</tr>
<tr>
<td>10 NotranjskoKraška</td>
<td>171</td>
<td>1.432%</td>
</tr>
<tr>
<td>11 Goriška</td>
<td>687</td>
<td>5.753%</td>
</tr>
<tr>
<td>12 Obalnokraška</td>
<td>773</td>
<td>6.473%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>11,941</strong></td>
<td><strong>100.000%</strong></td>
</tr>
<tr>
<td>HIGH TECH INDUSTRIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Pomurska</td>
<td>6</td>
<td>1.531%</td>
</tr>
<tr>
<td>2 Podravska</td>
<td>34</td>
<td>8.673%</td>
</tr>
<tr>
<td>3 Koroška</td>
<td>8</td>
<td>2.041%</td>
</tr>
<tr>
<td>4 Savinjska</td>
<td>24</td>
<td>6.122%</td>
</tr>
<tr>
<td>5 Zasavská</td>
<td>11</td>
<td>2.806%</td>
</tr>
<tr>
<td>6 Posavška</td>
<td>17</td>
<td>4.337%</td>
</tr>
<tr>
<td>7 Jugovzhodna Slovenija</td>
<td>24</td>
<td>6.122%</td>
</tr>
<tr>
<td>8 Ljubljana Urban Region</td>
<td>138</td>
<td>35.204%</td>
</tr>
<tr>
<td>9 Gorenjska</td>
<td>75</td>
<td>19.133%</td>
</tr>
<tr>
<td>10 NotranjskoKraška</td>
<td>5</td>
<td>1.276%</td>
</tr>
<tr>
<td>11 Goriška</td>
<td>17</td>
<td>4.337%</td>
</tr>
<tr>
<td>12 Obalnokraška</td>
<td>33</td>
<td>8.418%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>392</strong></td>
<td><strong>100.000%</strong></td>
</tr>
<tr>
<td>MID-HIGH TECH INDUSTRIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Pomurska</td>
<td>62</td>
<td>3.630%</td>
</tr>
<tr>
<td>2 Podravska</td>
<td>227</td>
<td>13.290%</td>
</tr>
<tr>
<td>3 Koroška</td>
<td>54</td>
<td>3.162%</td>
</tr>
<tr>
<td>4 Savinjska</td>
<td>231</td>
<td>13.525%</td>
</tr>
<tr>
<td>5 Zasavská</td>
<td>40</td>
<td>2.342%</td>
</tr>
<tr>
<td>6 Posavška</td>
<td>60</td>
<td>3.513%</td>
</tr>
<tr>
<td>7 Jugovzhodna Slovenija</td>
<td>109</td>
<td>6.382%</td>
</tr>
<tr>
<td>8 Ljubljana Urban Region</td>
<td>491</td>
<td>28.747%</td>
</tr>
<tr>
<td>9 Gorenjska</td>
<td>161</td>
<td>9.426%</td>
</tr>
<tr>
<td>10 NotranjskoKraška</td>
<td>47</td>
<td>2.752%</td>
</tr>
<tr>
<td>11 Goriška</td>
<td>139</td>
<td>8.138%</td>
</tr>
<tr>
<td>12 Obalnokraška</td>
<td>87</td>
<td>5.094%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,708</strong></td>
<td><strong>100.000%</strong></td>
</tr>
<tr>
<td>ALL INDUSTRIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Pomurska</td>
<td>4,707</td>
<td>3.799%</td>
</tr>
<tr>
<td>2 Podravska</td>
<td>17,185</td>
<td>13.871%</td>
</tr>
<tr>
<td>3 Koroška</td>
<td>3,537</td>
<td>2.855%</td>
</tr>
<tr>
<td>4 Savinjska</td>
<td>13,316</td>
<td>10.748%</td>
</tr>
<tr>
<td>5 Zasavská</td>
<td>1,730</td>
<td>1.396%</td>
</tr>
<tr>
<td>6 Posavška</td>
<td>3,560</td>
<td>2.873%</td>
</tr>
<tr>
<td>7 Jugovzhodna Slovenija</td>
<td>6,338</td>
<td>5.116%</td>
</tr>
<tr>
<td>8 Ljubljana Urban Region</td>
<td>41,976</td>
<td>33.881%</td>
</tr>
<tr>
<td>9 Gorenjska</td>
<td>11,969</td>
<td>9.661%</td>
</tr>
<tr>
<td>10 NotranjskoKraška</td>
<td>2,745</td>
<td>2.216%</td>
</tr>
<tr>
<td>11 Goriška</td>
<td>7,940</td>
<td>6.409%</td>
</tr>
<tr>
<td>12 Obalnokraška</td>
<td>8,889</td>
<td>7.175%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>123,892</strong></td>
<td><strong>100.000%</strong></td>
</tr>
</tbody>
</table>

Adapted from: Murovec et al., 2012
Since Ljubljana is the capital of Slovenia, most national cultural institutions are located here as well. The estimation is that around 60% of all Slovenian cultural events, infrastructure and also people, working in culture, are concentrated in Ljubljana. All the major faculties are located in Ljubljana as well, and the major firms from other business sectors concentrate here as well.

In the Table 3 below, the estimated size of CI in LUR (compared to Ljubljana and Slovenia) in terms of number of employees and firms is presented.

Table 3: Number of full-time accounted employees as well as self-employed entrepreneurs and number of firms

| NUMBER OF FULL-TIME ACCOUNTED EMPLOYEES AS WELL AS SELF-EMPLOYED ENTREPRENEURS |
|---------------------------------|----------------|----------------|
|                                 | Ljubljana | LUR | Slovenia |
| Creative industries             | 18,050    | 20,818 | 39,193   |
| All industries                  | 146,018   | 193,448 | 564,478  |
| Share of CI in all              | 0.12%     | 0.11% | 0.07%    |

| NUMBER OF FIRMS OF THE TOTAL SECTOR |
|---------------------------------|----------------|----------------|
|                                 | Ljubljana | LUR | Slovenia |
| Creative industries             | 4,356     | 5,967 | 15,073   |
| All industries                  | 23,755    | 38,209 | 112,026  |
| Share of CI in all              | 0.18%     | 0.16% | 0.13%    |

Murovec, Kavaš, 2010

From the quantitative data presented in the tables and text above, it is evident that CI play an important role in the LUR’s economy.

1.3 Studies of CI in Slovenia

In Slovenia, research of CI has been lagging behind for years, compared to other developed countries. The first attempts to analyse the CI from their economic perspective have only been made in the last couple of years. Below, some of the most important available studies of CI in Slovenia are listed and shortly described.

In 2008, the 9th Development Group for Creative Industries was established within the Competitiveness Council of the Government’s Office for Growth. This group was to cover
the fields of design, architecture, market communications and trademarks and prepare
content starting points for forming a state strategy for more successful enforcement of the
creative sector. The 9th Development Group’s recommendations presented the first
document which was focused on CI and included a basic analysis of CI. The main findings of
the group were that Slovenia is lagging behind, that professional infrastructure exists, but is
not closely linked, that non-programme financing does not motivate and that researches and
analysis are needed in order to provide support for an efficient strategic plan of measures
(Klinar et al., 2008). The full report is available here: http://arhiv.dmagazin.si/Priporocila.pdf

In 2010, a Central Europe project Creative Cities has started. Creative Cities is a Central
Europe Programme project in which five partner cities (Ljubljana, Genova, Gdansk, Lepzig,
Pécs) were joined in order to further develop and promote CI potentials. Within this project,
two important analyses of CI in Slovenia were carried out, which served as a foundation for
further project activities.

The first analysis, carried out within the Creative Cities project, was the **SWOT Analysis -
Status of the Creative Industries in Ljubljana** (Murovec, Kavaš, 2010). In this analysis,
strengths, weaknesses, opportunities and threats for the development of CI in Slovenia, with
focus on Ljubljana, are presented. The SWOT analysis is based on quantitative (industrial and
occupational analysis) and qualitative (interviews with experts) analysis, and includes private
as well as public sector. The full report is available here:
EN.pdf

The second analysis, carried out within the Creative Cities project is the analysis of
**Potentials of Creative Regeneration** (IPoP, 2011). This study provides an important insight
into spatial distribution of creative industries in LUR and assesses location factors that affect
this distribution. The results present a valuable contribution especially to urban
development policies, (above all with regard to urban regeneration) and can be particularly
useful with regard to supporting the development of creative quarters.

At about the same time, as the SWOT analysis was published, the Slovenian Ministry for
Culture issued a booklet titled **Cultural and Creative Industries – Slovene Style** (2011). This
booklet presents the measures that the Ministry was undertaking in 2011 to encourage the
cultural and creative industries. Besides that, this booklet provides also some statistical
analysis of cultural and creative industries in Slovenia. The booklet is available on:
2011/KKIPS/brosura-web-en.pdf

In 2010, the Ministry of Education, Science, Culture and Sport, the Ministry of Economic
Development and Technology, and the Slovenian Research Agency issued a call for proposals
of a Target Research project entitled **The state of design, with focus on industrial design, as**
a part of creative industries, and best international practices as a foundation for fostering this sector in Slovenia. The study, carried out within this project (Murovec et al., 2012) was focused on the analysis of design but an extensive statistical analysis of CCI in Slovenia was provided as well. This study presents a first in-depth economic analysis of design in Slovenia and includes also an analysis of design policies in other countries. The most valuable contribution of the study presents the proposition of a set of measures for Slovenian production/design policy, which is based on the analysis and interviews/workshops with different stakeholders. The proposition includes the definition of the key strategic goal and a set of indicators for evaluation of the achieved goals. The proposed measures present an expert groundwork for further work on preparation of the Slovenian production policy, therefore, also a proposition of future activities was included in the report. The full report is available here: http://www.mgnt.gov.si/fileadmin/mgnt.gov.si/pageuploads/DPK/CRPi_2010/CRP_V5-1020_Koncno_porocilo_01.pdf

1.4 The role of creative industries in the economy of Slovenia and Ljubljana

Throughout the world, CI are the topic which has in the last decades, moved from marginal debates about culture rights into the centre of the discussions regarding competitiveness. CI are considered as increasingly important to economic well-being, proponents suggesting that »human creativity is the ultimate economic resource«, (Florida, 2002) and that »the industries of the twenty-first century will depend increasingly on the generation of knowledge through creativity and innovation« (Landry, Bianchini, 1995).

The increase in popularity and interest in CI is no surprise, taking into account the fact that CI represent more than 3 percent of total EU GDP and 3 percent of employment. They are one of the most dynamic sectors in Europe with a large growth potential (COM, 2010). CI are drivers of innovation with positive spill-over effects on the rest of the economy and on society as a whole. Furthermore, CI are essential drivers of cultural diversity and environmental sustainability, and a lever for social and territorial cohesion (UNCTAD, 2010).

Slovenia is, however, lagging behind with regard to the awareness of the CI importance. Nevertheless, the numbers speak for themselves, and the size of the CI sector itself is an indicator of its economic relevance.

As was presented in section 1.2, CI employ 11% of all employed in the private sector in LUR and account for 16% of all firms in LUR. For Slovenia, these shares are a bit lower, but still very significant. Further economic relevance of CI in Slovenia is presented in Table 4 and Table 5 below, where we can see that the profitability of CI as well as the value-added, created in the CI, are far above the average of the economy.
Table 4: Profitability (EBIT and net margin) of CI in comparison with high tech, mid-high tech and all industries

<table>
<thead>
<tr>
<th></th>
<th>EBIT* MARGIN</th>
<th>NET MARGIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>CREATIVE INDUSTRIES</td>
<td>4.07%</td>
<td>2.26%</td>
</tr>
<tr>
<td>HIGH TECH INDUSTRIES</td>
<td>14.30%</td>
<td>11.01%</td>
</tr>
<tr>
<td>MID-HIGH TECH INDUSTRIES</td>
<td>2.53%</td>
<td>2.06%</td>
</tr>
<tr>
<td>OVERALL ECONOMY</td>
<td>2.77%</td>
<td>0.75%</td>
</tr>
</tbody>
</table>

*EBIT - Earnings before interest and taxes
Murovec et al., 2012

Table 5: Gross value added

<table>
<thead>
<tr>
<th></th>
<th>Total GVA* within the specific industry</th>
<th>Share of the GVA* of the specific industry with regard to the total economy</th>
<th>Average GVA* per employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>CREATIVE INDUSTRIES</td>
<td>1,054,522,215 €</td>
<td>5.91%</td>
<td>44,867 €</td>
</tr>
<tr>
<td>HIGH TECH INDUSTRIES</td>
<td>927,122,280 €</td>
<td>5.19%</td>
<td>58,218 €</td>
</tr>
<tr>
<td>MID-HIGH TECH INDUSTRIES</td>
<td>1,707,170,432 €</td>
<td>9.56%</td>
<td>32,063 €</td>
</tr>
<tr>
<td>OVERALL ECONOMY</td>
<td>17,864,906,831 €</td>
<td>100.00%</td>
<td>33,173 €</td>
</tr>
</tbody>
</table>

*GVA-Gross value added
Prodan, Murovec, Kavaš, 2011

The above presented numbers are however only part of the story. While CI are by all means an important industry per se, their spill-over effects on other industries are probably of even greater economic value but more difficult to capture in numbers. The CI could play a crucial role in the process of restructuring of other business sectors in Slovenia. CI, which provide intermediary goods or services for companies in other industries contribute to the rise in added value of their products (for example with creation of trademarks) and to the rise in demand for their products. Subsequently, CI foster growth of other companies as well. Furthermore, CI also have indirect effects on other industries as they can foster innovation.

Besides that, CI also have wider effects on the economy in terms of improving the quality of life, preserving cultural identity and achieving a wide range of other important social, cultural or sustainability goals.

The problem in Slovenia is however, that the cooperation of other business sectors with CI is very low. Besides the general lack of cooperation culture in Slovenia there are also other reasons behind this. Most companies in Slovenia do not operate in the end-consumer
markets and not invest into their own trademarks. Subsequently, their competition is often based on price. Adding to this, they do not perceive the cooperation with CI (for example cooperation with designers) as an investment but as a cost, since they do not recognise the true value of such cooperation. They try to minimise each such cost, and subsequently, they can also not receive a desirable result. This leads into a vicious circle and only further establishes their inappropriate attitude towards CI.

It has to be pointed out, however, that not all of the reasons for low cooperation are on the demand side. The quality of creatives is very heterogeneous. The analysis of the design sector (Murovec et al., 2012) confirmed that this fact presents an important problem. Low quality service providers lower not only the price but also the reputation of the whole field. The above mentioned analysis of design (Murovec et al., 2012) is also the only available analysis in Slovenia where an attempt has been made to measure the effect of CI (in this case only design) on other sectors. The results of the analysis show that there is a clear connection between the use of design in firms and development of new products/services/processes, especially in the case of major innovations. Besides that, there is also an evident link between the use of design and firm’s success in terms of profitability, market share growth and income growth. Furthermore, firms, which are successful on European markets, invest more in design, compared with firms which operate on the local or national market.

1.5 Needs regarding CI in the region

The experiences from the Creative Cities project (www.creativecitiesproject.eu) show that the needs of creatives in the region differ. While the prevailing opinion of the established creatives is, that the region (Regional creative economy centre – RCEC) can mostly offer added value to them by promoting creative industries (locally, nationally and specially internationally), the younger, unestablished creatives have a much wider spectrum of needs, which are described below.

- Awareness raising about the CI and their potential: The awareness raising should be aimed at different target groups: general public, policymakers, other industries. Different tools should be used in order to achieve this objective, such as for example publications, events, personal communication, etc.
- Improvement of communication between the creatives and policymakers: Difficulties regarding communication between the creatives and policymakers were identified. The RCEC could act as an intermediary in this communication (preparation and presentation of different documents, personal communication, ...)
- Inclusion of the CI into relevant strategies on municipal, regional and state level
• Promotion of the capabilities/results of the local creatives
• Promotion of the benefits of inclusion of creatives into business processes to companies in other sectors
• Enhancement of the skills of creatives: business, marketing, IPR, specialised knowledge
• Improvement of networking of the local creatives among themselves and with other local/national stakeholders and internationally.
• Available and appropriate premises

From the perspective of the region, the creatives should be attracted and retained in the region. As was already described in the section 1.4, CI have several positive spill-over effects on the rest of economy and on society as a whole. In order to fully benefit from CI the cooperation of the creatives with other business sectors and also with the public sector should be enhanced as much as possible.

To be able to take more actions for support, CI do however first need to be placed into relevant strategic documents. Compared to most Slovenian regions, Ljubljana and LUR are a step ahead with regard to that. CI will be given an important role in the Regional development programme 2014-2020, which is still in the process of preparation, and have already been recognised as an important factor in the Strategy of cultural development in the Municipality of Ljubljana 2012-2015. Therefore, in the future, significant efforts must be taken in order to implement those strategies. This is not only important for the region, but also for the establishment of RCEC, since it can otherwise very quickly loose the trust and interest of the creatives.

2. Creative industries policies and funding

2.1. Review of existing policies and funding opportunities

2.1.1. National level

In Slovenia, cultural sector is relatively well supported by the state. Despite the polycentric organisation of cultural institutions, the main share of resources for culture (around two thirds) presents the state budget; public funds, reserved for culture present a bit over 0,5% of the total GDP or a bit less than 200 million euros in 2011. The local communities or municipalities contribute only a minor share. This includes the programmes and projects in the field of international cultural cooperation, an important share of the publishing industry, cultural activity of the Italian and Hungarian minorities and Slovenians, which live abroad. Local communities are mostly responsible for libraries and some other cultural institutions
(local museums, galleries and cultural centres), and NGOs which are active in the field of culture.

After Slovenia gained its independency in 1991, a new legal framework was adopted in 1994 (Exercising of the Public Interest in Culture Act) to replace the old socialistic cultural model with a democratic one. Despite this, the cultural system has not yet experienced significant structural changes. The cultural market is weak and the support schemes and tax incentives are underdeveloped, which does not present a good alternative to the traditional model. Culture is not placed in the centre of social development and its economic potentials are not mobilised.

Even though the National Programme for Culture 2008-2011 mentioned the potential of cultural and creative sector in the economic sense, it did not include any support for this kind of activities in the cultural policy. According to this central document of cultural policy in Slovenia, culture that should be supported was culture, which is perceived as public good and mostly provided by public bodies. A new National Programme for Culture has not been accepted yet.

A quick review of the national budget for culture in 2011 confirms the traditional understanding of culture – more than a third of the 200 million budget goes to art programmes, and another third of the budget goes to cultural heritage preservation. However, the Slovenian Book Agency and the Slovenian Film Centre should be specially mentioned. The Slovenian Film Centre (founded by the Ministry of Culture – 4.5 million euros in 2012) supports the Slovene film and audio-visual production, post-production, and distribution as well as organises film festivals and grants awards for outstanding achievements in Slovene cinema. Due to the specific and very small market, in Slovenia, also publishing is one of the subsidised branches (Slovenian Book Agency – 8.4 million in 2011), since part of its activities is non-profit. The budgets of both agencies have however significantly decreased in the last years what presents a significant obstacle for realisation of their planned programmes.

Besides the above described support, focused mostly on culture, and support of software and games industry within the R&D funds, in Slovenia, there is no adequate policy support of creative industries, neither design. Up to now, creative industries and design have not been recognised as an important factor of the national competitiveness. Therefore, the cooperation with government offices, which co-establish economic policy, cultural policy, education policy conditions and national executive institutions (public agencies and public funds) is on occasional, not continuous basis. An appropriate long term interest of the state for fostering the development of the creative disciplines, inclusion of their expert potentials in their own projects and promotion of their cooperation with other business sectors has never been established.
The directorates/sectors within ministries or within government offices' fields of work, which are relevant from the viewpoint of creative industries, are not well informed about the potential of particular creative disciplines or about adequate incentives for the increase of their positive impact on national competitiveness. Specific initiatives have never been recognised or comprehensively discussed (Klinar et al., 2008).

Some of the single and fragmented measures on the national level which have been realised and which directly or indirectly support CI, are described below:

In June 2012, the government accepted the Action plan for the increase of competitiveness of the wood chain in Slovenia until the year 2020 (MAE, MEDT, 2012). Within this plan, the wood from Slovenian forests is recognised as a strategic material, and forestry and wood processing industry as a vital part of the Slovenian economy. One of the measures within this action plan is an increase of investments in technological equipment and research, development and innovation in wood processing firms. One of the planned activities within this measure supports industrial design - Activity 2.2.4.b is to realise at least three projects for stimulation of the use of industrial design (including cradle to cradle concept) and marketing in wood processing SMEs (see Apendix 1).

JAPTI (Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments) has introduced three measures, which indirectly support CI.

The first measure was “Innovation voucher 2011” call for tenders. The budget for this measure was 1,500,000 euros in total, intended for up to 60% co-financing of eligible R&D expenses (up to 20,000 euros per SME), including expenses for corporate visual identity (see Policy sheets in the Appendix).

The second JAPTI’s measure was call for proposals of projects for “Co-financing of cooperation expenses of selected firms in pilot testing of models for help with development and growth of firms”. This call included development and testing of three different models, two of which are related to creative industries (see Policy sheets in the Appendix). The objective of first model was a proposition of a brand development strategy and brand’s implementation plan (planned budget up to 70,000 euros). The second model was focused on product industrial design and its pilot implementation (planned budget up to 90,000 euros).

Furthermore, even though not specifically mentioned, industrial design costs could theoretically be included into R&D investments tax relief. While this possibility in theory exists, the rules of inclusion are not clearly defined, firms are not aware of it and do generally not use it.

Besides the above described measures, there are several other activities which support CI and/or design. For example Ministry of Education, Science, Culture and Sport, Ministry of
Foreign Affairs, Ministry of the Economic Development and Technology, JAPTI and Government Communication Office coordinated the exhibition “Silent revolutions”, organised by Museum of architecture and design. Silent revolutions is the first extensive international presentation of Slovene product design of the last two decades, focusing on outstanding individual cases. By combining economics and culture, together with concerted cooperation with government institutions active in creative industries, this project aims to represent the best of Slovene production and companies and, in so doing, raising Slovenia’s profile through industrial design.

In 2011, the Ministry of culture (now Ministry of Education, Science, Culture and Sport) issued a booklet on cultural and creative industries (Stepančič (ed.), 2011). This booklet represents a first attempt of the ministry to combine and organise otherwise fragmented activities for support of CI and introduce the field of CI as an important field. Even though this booklet did not present some extensive and comprehensive support measures for CI, its symbolic and promotional role was important.

While different activities point towards movement into the right direction, no concrete significant measures have been implemented yet. In the proposition of a new National Programme for Culture 2012 – 2015 (MC, 2011), greater importance was given to CI, but the proposition was not accepted. Also in the proposition of the Slovenian Research and Innovation Strategy 2011-2020 (MHEST, ME, 2010) stimulations for the use of design were foreseen. Furthermore, a study about CI and design was financed by the Ministry of Education, Science, Culture and Sport, the Ministry of Economic Development and Technology, and the Slovenian Research Agency (Murovec et al., 2012). The result of this study was a proposition of a national design policy, however, the proposed action plan has not been implemented so far.

While there are some activities for the support of CI, carried out by different ministries or agencies, the main findings, regarding the creative industries policy on the national level, are the following:

- Slovenia does not have a creative industries or design policy
- Creative industries or design are not included in national strategic documents
- In the past, there were certain activities with regard to creative industries (9th Development group for creative industries) but they were not prosecuted
- With some exceptions, described above, there are no policy measures for support of creative industries or design. Specific measures are not connected and coordinated.
- There is no link of other policies (e.g. innovation policy) with creative industries/design. The firms are consequently not well informed and do not take advantage of the existing opportunities (for example design expenses as part of R&D activities support). An overall, multisectoral approach is needed.
2.1.2 Regional and local level

At the moment, it could be claimed that the support of CI on the regional and city level is one step ahead, compared to the national level, especially in Ljubljana and Ljubljana Urban Region. In the last couple of years, a significant step forward has been made here, whereas on the national level things do not move forward so quickly. While just a few years ago, the awareness about the importance of CI was pretty low on regional level as well, from 2010 on, many important measures were taken.

Creative industries have been recognised as an important factor of the city’s development in the Strategy of cultural development in the Municipality of Ljubljana 2012-2015 (MOL, 2012). On the regional level, CI will be given an important role in the Regional development programme 2014-2020, which is however still in the preparation phase.

Regional development agency (RDA LUR) has played a specifically important role as a supporter of CI. In 2011, the Regional Creative Economy Centre (RCEC) has been established. The main aim of RCEC is to connect CI with other business sectors and by doing so, establish better conditions for business success, based on interdisciplinary development processes.

Among other things, RCEC established a pilot value chain within which 5 micro and small firms from the furniture industry were connected with designers and Institute for economic research with the aim to develop new products. Besides the organisation of the value chain, RCEC also played an important role as a promoter of the pilot project results and the use of design/CI in firms.

Also in general RCEC (RDA LUR) plays an important role with regard to awareness raising and promotion of CI to other sectors as well as in increasing the knowledge within the CI. Several events were organised by RCEC (RDA LUR) with those aims. Most of those activities are financed through EU projects (Creative Cities, CC Alps).

On the Municipality level, many activities for the support of CI are financed through EU projects as well. The most important project with regard to this is Second Chance project. Within this project the programme of the future Rog Centre, a centre primary dedicated to design, architecture and contemporary art, will be developed. As currently the renewal of the old bike factory into Rog Centre (project of MOL) is on hold, RogLab – a pilot investment, was just opened. RogLab is production, educational and exhibition place in a 30 square meters big container next to the Rog factory. Its purpose is to develop and empirically test different content, partnerships and modus operandi on a small scale, and later on continue the practices, which proved to be good, in Rog Centre.
2.2 Analysis of crowdfunding as an advanced CI financing alternative

Since the current financial situation in Slovenia is not very promising, it is that much more difficult to receive funding for all businesses, even more so for creative industries. Therefore, other alternatives are most welcome. Crowdfunding presents such an alternative, which in Slovenia has not been exploited much. Therefore, in the following paragraph, crowdfunding is presented and analysed.

While the idea of crowdfunding is not new, with the age of Internet its worldwide popularity has been growing, especially in these times of financial crises. In the last years crowdfunding has been gaining its importance also in the field of culture and creative industries.

Crowdfunding refers to a network of people and their collective effort to pool their resources together in order to support efforts initiated by other people or organisations. Most often, internet is used for this kind of networking, there are several crowd-funding websites which use platforms for social-networking to bring borrowers and pools of lenders together. Some of the most known crowdfunding platforms are for example Kickstarter, Indiegogo or Sponsume, but new platforms are emerging constantly, each with some of its own specifics.

Some of the reasons for the popularity of crowdfunding are the following:

- It allows good ideas, which do not always fit the pattern required by conventional financiers, to break through and secure seed funding to begin the project. Also the application process for crowdfunding is much easier, compared to traditional methods for acquisition of capital investments.
- Besides providing a funding opportunity, crowdfunding at the same time presents an efficient marketing tool. Besides the word of mouth promotion, achieved by the crowd of supporters, it also presents a quick market research/market validation. First of all, feedback can be gathered and used to improve the idea (crowdsourcing). Besides that, the number of contributing people can give one an idea about how responsive the future clientele will be to the business and also an estimation of the initial demand.
- In general, another advantage of crowdfunding is that it potentially presents an exponential increase in available venture capital. Despite the fact, that the contributed amounts are usually very small, the number of people included can be very big.

Despite its popularity and several advantages, crowdfunding does have its disadvantages as well:

- First of all, crowdfunding is not a solution for every business model.
- Crowdfunding is also not considered to be a sustainable source of revenue.
- Because it deals with the collection of money and soliciting investments, one has to be extra careful not to violate any existing laws or regulations.
- Another disadvantage is the risk of the idea/project being copied, since the requirement of crowdfunding is to disclose the idea in public, when it is at a very early stage.
- Sometimes it proves easier to raise the money for a project than to make the project a success. This presents a risk for both sides. As on one hand, the investors could end up empty handed, managing communications with a large number of possibly disappointed investors and supporters can prove to be a substantial, and potentially diverting task as well.
- Most of the crowdfunding platforms are typically charging three to five per cent of the raised money. Some argue that it is not clear what are they offering for that fee. While many pitchers and supporters initially approach crowdfunding with the assumption that the function of the platform is to protect both parties, this is in fact not true.

It has to be pointed out that the mere decision for crowdfunding does not secure the desired funds. In order to be successful at crowdfunding, a lot of effort and dedication is necessary. Below, some of the **general recommendations** for successful crowdfunding are briefly described:

- First of all, the idea/project and its purpose needs to be very clearly defined.
- A goal (funding target) chosen should be small enough that it can be confidently met and exceeded. In case the gathered funds prove to be insufficient, additional funds can be gathered later.
- The crowdfunding campaign should be carefully prepared. Preferably, you should present yourself/your team and explain the story behind the project.
- You need to be very active in informing your network (and your friends'/family's networks) about your published project and building your audience (identification, location, communication, motivation, calling to action, keeping in touch,...)
- Determine a reasonable deadline (if it is not already predetermined by the chosen crowdfunding platform) and preferably also determine a milestone to help motivate the crowd (e.g. start pre-production). Too long campaigns tend to wear out.
- Research the most successful crowdfunding campaigns – benchmark and learn from them

To assure themselves a better spot in the more and more crowded market of crowdfunding providers, crowdfunding platforms use **different strategies**. Some of them are specialised, for example ArtistShare or PledgeMusic focus on musicians, Mobcaster on television pilots and series, Razoo on non-profit organisation, RockThePost on entrepreneurs, etc.

Crowdfunding has lately been a subject of severe **criticism** due to high risk of undelivering or under-delivering. A study from the University of Pensilvania for example showed, that as much as 75% of Kickstarter project deliver with delays. Furthermore, instead of acknowledging failure, some projects constantly postpone the launch/delivery date. Some of
the crowdfunding platforms tried to differentiate by putting some effort into reducing the risk for supporters. One way to reduce the risk is the use of the “all or nothing” funding model, instead of “keep it all” funding model. This means, that the pledged money can only be collected from the contributors if and when the fundraising goal is met. If the goal is not met, all funds are returned to the supporters. While the risk of under-delivering is still present, this eliminates the risk of under-delivering due to lack of funds. Another way to reduce this risk is by provide professional help for the fundraisers, in terms of business advisors, legal advisors, etc.

Some of the funding portals based their differentiation on provision of different support services and additional features. From this, new, improved models of crowdfunding have evolved. For example Pozible offers their users a handbook, which includes many guidelines for successful guidelines, a blog with crowdfunding tips and an advice section from previous crowdfunders. RocketHub is combining traditional funding for creative work with branded crowdsourcing – the RockeHub’s team of experts hand-picks launched submissions and helps artists and entrepreneurs unite with brands without the need for a middleman.

Despite the criticism, crowdfunding is still very popular and is even evolving a full-fledged industry with all the specialised support services, emerging for crowdfunded products – from product fulfilment to consulting, selling,... Despite its disadvantages, crowdfunding presents an opportunity for many creatives, taking the risks into account. Nevertheless, there is a danger in viewing crowdfunding platforms as an alternative, instead of a supplement to traditional funding, as some content is just unlikely to get crowdfunded.

**3. Concluding suggestions for support policies and funding of CI**

The fact that there is little support for CI in Slovenia means that there is much room for improvement of the current situation. First of all, CI should be included and recognised as an important industry in key national strategic documents. Different ministries/government offices should cooperate for support of CI on continuous basis; CI are of inter-ministerial/multi-sectoral nature. Therefore, not only should CI be given an important role in the new national programme for culture, but should also be recognised as one of the key factors in the national development strategy, innovation strategy, etc. Only based on the inclusion in such strategic documents, an adequate and comprehensive support programme for CI could be developed.

While currently some support measures for CI exist, they are very fragmented. Programmed strategic support would enable connection and better coordination of such measures. Furthermore, this would also improve the awareness of the existence of such measures and the awareness about the importance of CI.
The main problem in Slovenia is not so much the quality and the supply of CI, but its relation, or lack of relations, with other business sectors. CI are not recognised as a relevant business partner for the increase of innovation and competitiveness, and therefore, their potential is not exploited. Subsequently, Slovenia produces too little branded products for the end consumer markets. From this point of view, it seems reasonable that any future CI policy would put specific effort into improving this situation. This can be done by education and awareness raising, and by support actions for connecting CI with other business sectors and inclusion of CI into their business processes. Since changing the strategy and culture in established firms can be very difficult, another option is to support the connection with CI in start-ups. For example, a suggested measure is to make the inclusion of design on the strategic level one of the mandatory conditions for the acceptance of firms in incubators or technology parks. If this practice would be applied to existing incubators/technology parks, this would present practically no additional expenses.

On the other hand, the increase of innovative and branded products can also be achieved by empowering the representatives of CI in the sense of increasing their business knowledge and encouraging/supporting them to bring their own products to the market and develop their own brands.

With regard to CI financing opportunities, it is probably unrealistic to expect significant changes in the short term, due to unfavourable financial situation of the country. However, the most appealing option seems to be microfinancing of the creatives, which could be organised on the national or local level. Another option is a consideration of the creatives as a priority group in a guarantee fund. The most realistic short term option is however to make the best use of the EU projects/funds. In order to better fit the needs of the creatives with the project requirements, it might be a good idea to include the creative hubs already in the project proposal phase.

Another important support for CI would be if the public institutions (local or national) would set an example by putting more emphasis on CI in their own public tenders. Price should not be the only deciding factor in the selection process, as it is often common practice of the public institutions. Design, architecture and marketing communication factors should be included as deciding factors in all tenders, where this is reasonable. By selecting creative and innovative products/services in their public procurement, public institutions would not only promote, but also significantly increase the demand for such products/services.

As already mentioned, it is difficult to expect a significant increase of support or additional funding of CI in current financial circumstances. However, it is therefore that much more important to rationalise and optimise the use of the existing funds and channel them with the carefully selected measures into those areas where they can be the most efficient and where also the most spillover effects can be expected.
References:


APPENDIX 1 – Policy sheets

Innovation voucher 2011

Kind of Instrument* (Policy / Strategy / Programme…)

Call for tenders, “Innovation voucher 2011”

Promoting Organization* (Regional public body, Ministry,…)

JAPTI – Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments

Country*: Slovenia

Region*: All regions

Overall Objective(s)* (Short description)

- Stimulation of cooperation between firms and external experts/advisors on development and realisation of projects with aim to protect intellectual property rights
- Stimulation of the firms to take an active role towards improving recognisability of the firms and their products on the market.

Timeframe*

Call open from 4.2.2011 until consumption of available funds (8.7.2011).

Eligible costs are those which occurred within 120 days from the firm's application

Targeted subjects*

- Innovative micro, small and medium enterprises
- Scientific institutions/ individual researchers

Actions financed (ex. Calls, supporting actions,…) *

Co-financing of eligible costs of external experts/advisors cooperating on a development or research&development project, which will result in an application for intellectual property rights protection (national or international patent, model or trademark protection). In case of application for model or trademark protection, also a preparation of a handbook for the use of new/modernized corporate visual identity or product/service which is linked to this IPR is eligible cost.

Budget**

1,500,000 euros in total

Up to 50% co-financing of eligible expenses:
- Up to 17,000 euros per firm where final result will be a protected model (the cost of visual identity cannot exceed 50% of the total subsidy request and at the same time cannot exceed 3,000 euros)

- Up to 10,000 euros per firm where final result will be a protected trademark (the cost of visual identity cannot exceed 50% of the total subsidy request and at the same time cannot exceed 3,000 euros)

Up to 60% co-financing of eligible expenses:

- Up to 20,000 euros per firm where final result will be a patent
Co-financing of branding

Kind of Instrument* (Policy / Strategy / Programme...):
Public procurement – call for proposals of projects for “Co-financing of cooperation expenses of selected firms in pilot testing of models for help with development and growth of firms” (branding)

Promoting Organization* (Regional public body, Ministry,...):
JAPTI – Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments

Country*: Slovenia
Region*: All regions

Overall Objective(s)* (Short description):
- Education and training of SMEs with regard to brand development and a brand’s life cycle
- Higher GVA growth in firms, included in the project
- A proposition of a brand development strategy and brand’s implementation plan

Timeframe*: 2nd half of 2008

Targeted subjects*:
- Small and medium enterprises with growth potential
- Firms with experience in brand development

Actions financed (ex. Calls, supporting actions,...) *
- Development of a brand implementation plan for SMEs who wish to use their brands for the increase of added value
- Selection of potential users of the model
- Implementation of the developed model to selected firms (including necessary training and advisory activities)
- Reporting

Budget**: Up to 70,000 € (without VAT)
Co-financing of industrial design

Kind of Instrument* (Policy / Strategy / Programme…):
Public procurement – call for proposals of projects for “Co-financing of cooperation expenses of selected firms in pilot testing of models for help with development and growth of firms” (industrial design)

Promoting Organization* (Regional public body, Ministry,…):
JAPTI – Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments

Country*: Slovenia

Region*: All regions

Overall Objective(s)* (Short description):
- A proposition of a model of product industrial design and its pilot implementation/testing within at least two firms
- Higher GVA growth in firms, included in the project
- Easier entrance and better performance on foreign markets
- Education and training of SMEs with regard to industrial design

Timeframe*: 2nd half of 2008

Targeted subjects*
- Small and medium enterprises with growth potential
- Firms with experience in the field of industrial design and cooperation with government institutions

Actions financed (ex. Calls, supporting actions,...) *
- Selection of potential users of the model
- Presentation of the developed model of product industrial design to selected firms and training of firms for the use of the model (including help with assessment of market potential, internal capabilities and selection of appropriate product; development of a training strategy)
- Implementation of industrial design according to the developed plan (organisation, monitoring, advisory work)
- Reporting

Budget**: Up to 90.000 € (without VAT)
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