Spatial Concentration of Creative Industries
in Los Angeles

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Berlin, den 08.08.2006
To my parents, David, and Straki.
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## Abbreviations

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<tr>
<td>CAD</td>
<td>Computer-aided Drafting</td>
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<tr>
<td>CBD</td>
<td>Central Business District</td>
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<td>CBP</td>
<td>County Business Patterns</td>
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<td>CITF</td>
<td>Creative Industry Task Force</td>
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<tr>
<td>GLC</td>
<td>Greater London Council</td>
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<td>GREMI</td>
<td>Group de Recherche Européenne sur les Milieux Innovateurs</td>
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<tr>
<td>LAEDC</td>
<td>Los Angeles County Economic Development Corporation</td>
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<tr>
<td>LAX</td>
<td>Los Angeles International Airport</td>
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<td>NAICS</td>
<td>North American Industry Classification System</td>
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<tr>
<td>R&amp;D</td>
<td>Research and development</td>
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<tr>
<td>SME</td>
<td>Small and medium-sized enterprise</td>
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1. Introduction

“Los Angeles has long been one the critical impulses of the economic and cultural condition of the twentieth-century capitalism. Even before World War II its aircraft and motion-picture industries gave it peculiar visibility and reach. [...] The motion-picture industry also grew rapidly after World War II, continually increasing its international influence and spinning off many new entertainment industries, especially in television and music recording. In addition, Los Angeles has witnessed major if not always steady growth in a series of craft-based, design-intensive industries or sectors like apparel, furniture, printing and publishing and so on. Together with the entertainment industries, the latter sectors can be viewed as constituting much of the core of a regional ensemble of craft, fashion, and cultural products industries”.

Los Angeles is one of the global centers of creative and cultural production. Los Angeles is synonymous with Hollywood and entertainment. The continuous emission of Hollywood productions to a global audience has manifested the perception of Los Angeles as the world’s capital of modern entertainment. Among the many different creative industries making up the ‘cultural economy’ of Los Angeles, the entertainment industries are certainly the most famous ones. Nonetheless, Los Angeles is home to a quantity of other creative industries that mingle around the huge entertainment industry complex and also constitute complex creative production systems themselves.

Creative industries have received growing attention in the scientific realm in the last few years. Policy-makers and scholars around the world have tried to use creative industries as favorable tools for regional and urban economic development and as a source of localized competitive advantage in the global competition of cities and regions. Creative industries are perceived as role models in the restructuring process of economic and societal organization. New institutional forms of creative and knowledge-based production, vertical disintegration, flexible specialization, and new forms of distribution and commercialization of products with shorter product cycles that may become common in other parts of economic production have emerged in creative industries. Their ability to operate in volatile markets whilst maintaining a high

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2 Krätke outlines a classification system of ‘cultural metropolises’ based on the concept of global cities. According to Krätke, Los Angeles has been identified as one of the ‘Alpha World Media Cities’, along with New York, London and Paris. Krätke classifies three groups of ‘World Media Cities’ by using the number of global media firms located in particular cities as the determining criteria (Krätke (2002) p.208).
degree of innovation and flexibility has put them on the leading edge of business organization in today’s knowledge-based economy. Also in their spatial dimension, creative industries are role models in the organization of production. The production of creative/cultural products is increasingly concentrated in a set of localized agglomerations and networks, often in metropolitan areas. Large cities as agglomerations of industrial and business activity are typical sites of leading-edge economic activity. They also represent nodes of location-specific interactions which heavily stimulate creative experimentation and renewal. Major metropolitan regions such as New York, Los Angeles, London, Paris, and Tokyo continue to be unique and important places of creative/cultural production. They often contain multiple concentrations of creative industries such as book and magazine publishing, various arts and design-related industries, performing arts production, broadcasting, and advertising along with craft industries like fashion that agglomerate in certain districts and thrive on the urban climate of these global cities.

Since the 1980s, scholars of economic and urban geography have extensively researched the spatial configuration of particular sectors in creative industries. Case studies in London, Paris, and Los Angeles largely focused on the formation of local agglomerations of specialized firms. They particularly stress patterns of locational agglomeration characterized by transaction-intensive inter-firm relations. Also in Los Angeles, several ‘production cluster’ of creative industries have been identified. Needless to say, the film industry located in Hollywood is the most famous and financially lucrative of these clusters. Small specialized firms and professionals are intertwined in complex networks of projects that link them together in changing collaborative arrangements and joint ventures. Nevertheless, major companies still play an important role in the production system of creative industries. The entertainment industry constantly attracts an enormous pool of skills and workers that are also involved in other creative fields (or vice versa); set designers shift to industrial design, costumers engage in fashion, graphic artists and writers work in advertising and packaging services. Specialized firms and professionals constantly switch between multiple creative tasks which results in a unique form of creative agglomeration.

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4 Scott (2000a) pp.4-10
5 Scott (2000a) p.177.
These agglomerations of specialized firms are often labeled “production clusters”. It describes a geographic concentration of firms producing along a common value added chain. Multiple other concepts have been developed that describe the spatial concentration of economic activity differing by the degree of internal interaction between co-located firms. The concepts of the industrial district, the creative milieu, and Porter’s cluster approach have often been used to describe the spatial concentration of specialized firms in creative industries. It should be noted, however, that opinions about the applicability of these concepts in the case of creative industries diverge. Recently, other concepts have been applied to describe agglomerations of creative industries (e.g. project organization).

This thesis will analyze the form of spatial agglomeration of creative industries in Los Angeles. On the basis of a case study of creative design industries, it will be elaborated to what extent existing models of spatial clustering of economic activity are applicable to describe the spatial clustering of design industries in Los Angeles. Taking the industrial organization and determining characteristics of creative industries into account, it will be evaluated why design industries concentrate in certain districts and neighborhoods in Los Angeles. The analysis of design industries’ location factors and of the quality of internal interaction between creative actors will represent the main part for the analysis of the spatial concentration of design industries in Los Angeles.

Chapter 2 discusses relevant explanations of spatial clustering of economic activity. All three theoretical approaches emphasize the significance of spatial concentration in facilitating and encouraging the exchange of knowledge and innovation. Whereas the transaction cost theory stresses the reduction of costs through spatial proximity, the institutional economics approach highlights the institutional embeddedness and collective learning processes in geographically proximate inter-firm relations. The concept of agglomeration economies argues that spatial concentration of economic activity is a self-enforcing process based on external returns.

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10 e.g. Grabher (2001, 2002a, 2002b); Bathelt / Jentsch (2004)
11 Geographically, it needs to be distinguished between Los Angeles County and the City of Los Angeles. Los Angeles County is characterized by its multi-nuclei character. The City of Los Angeles constitutes a major part of the County, but Los Angeles County comprises more than 88 incorporated cities and unincorporated communities. Incorporate cities are prominent places such as the City of Burbank, City of Beverly Hills, Santa Monica and Pasadena, among many others. This paper examines the geography of creative industries on the scale of Los Angeles County. By Los Angeles, it is referred to Los Angeles County. It is only differentiated when comments are explicitly made about Los Angeles County, the City of Los Angeles, or any other incorporated city.
In chapter 3, relevant concepts describing different forms of spatial agglomeration of activity are illustrated. It includes the three territorial innovation models: industrial district, creative milieu, and Porter’s cluster. In addition, three other concepts (model of pure agglomeration, project organization, and Nelson’s theory of cumulative attraction) intend to provide further useful elements that help to characterize the nature of Los Angeles’ creative industry agglomeration.

Before the spatial dimension of design industries in Los Angeles is analyzed, chapters 4 and 5 define the creative industries and indicate the most important attributes of the sector. In this regard, it is argued that the distinct characteristics of creative and design industries, respectively, directly affect their spatial concentration in Los Angeles.

Chapter 6 highlights the quantitative economic significance of creative industries in Los Angeles. It also illustrates the spatial distribution of individual creative sectors that are defined in chapter four. Using two different data sets, a strong spatial concentration of overlapping industry-specific location patterns can be observed.

Furthermore, in order to assess the qualitative dimension of the spatial agglomeration of creative industries in Los Angeles, a case study in creative design industries has been conducted. Chapter 7 describes the empirical research. The empirical research encompasses quantitative and qualitative elements. In the quantitative part 18 location factors have been selected. The evaluation of the significance of these location factors for design businesses represents the centerpiece of the empirical research. The analysis of relevant location factors is complemented by qualitative elements. Further emphasis is put on the examination of the spatial dimension and nature of collaborative relations.

Chapter 8 discusses the results of the case study. The analysis of particular location factors and of the qualitative and spatial dimension of horizontal inter-firm linkages provides a basis for a detailed explanation of the spatial agglomeration of design industries in Los Angeles.

In chapter 9, the spatial agglomeration of design industries is related to the theoretical concepts, introduced in chapter 3. Finally, it will be examined to what extent these concepts are useful models for the characterization of the spatial concentration of creative design industries in Los Angeles.
2. Theoretical approaches of spatial clustering

Globalization and the reduction of costs of transport and communication have led to increased outsourcing of production processes in which companies have relocated in low-cost locations. The same forces, however, have also increased the importance of the company’s immediate environment. This has been labeled the location paradox. 12 Ironically, processes of globalization (i.e. the global circulation of almost all goods and services), have led to increased competition, fostering the importance of local regions as centers of innovation. Even the most global-oriented firms are to some extent influenced by differences of economic properties of the location. 13 Explaining why labor and capital are attracted to particular locations is essential to understand why economic activities spatially concentrate. 14

2.1 Conditions of spatial clustering

Spatial concentration of economic activity, however, does not affect all industries. The conditions for spatial concentration apply to certain industries, whereas others are only marginally affected. Thus, the conditions are referred to as ‘necessary’ conditions in some cases, and ‘sufficient’ conditions in others. According to Steinle and Schiele, necessary conditions for the development of a cluster of a particular industry are the ability to divide the production process into different distinctive steps (‘division of labor’) as well as the ability to transport the final product or service. In short, spatial clustering must be technically possible.

A complex value-added chain that consists of various specialized components and the presence of complementary, but dissimilar knowledge in highly specialized companies, are two sufficient conditions of spatial concentration of economic activity. Another sufficient condition is the importance of innovation in an industry promoting inter-firm interaction and co-ordination. When different companies with complementary expertise combine their knowledge, knowledge can be improved or even created. Volatile markets causing a need for continuous innovation are the final sufficient condition. 15

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2.2 Explanations of spatial clustering

Before different forms of spatial concentration of economic activity are outlined, the advantages that are associated with spatial concentration of economic activities need to be discussed. Three mechanisms can be identified that aim to explain the channels that contribute to spatial agglomeration of economic activity.\(^{16}\) The first explanation favored by the ‘California school’\(^ {17}\) stresses the relevance of economies of scale through reduced transaction costs. A second explanation is stressed by the school of institutional economics. Finally, some scholars (e.g. Veltz) argue that spatial agglomeration of economic activity results in the realization of agglomeration economies.\(^ {18}\)

2.2.1 Transaction cost theory

The transaction costs theory has been developed within the emergence of the new institutional economics in the 1970s. The approach points out that all kinds of transactions cause costs: search and information costs, bargaining costs as well as policing and enforcement costs. Traditionally, transactions have been defined by the exchange of goods, labor and money, and expressed through formal instruments such as contracts. Storper further emphasized that transactions also include soft and untraded interdependencies such as knowledge, ideas, human relations, rules, and conventions.\(^ {19}\) Scott has been one of the first geographers who applied theoretical concepts of new institutional economics to the field of economic geography. He has also added a geographic perspective to the theory of transaction costs. Scott argues that transaction costs are reduced through spatial proximity. Spatial proximity decreases uncertainty and reduces the risk of opportunistic behavior. Search and information costs are reduced which accelerates the flow and exchange of information. Also, adaptation processes between firms that are linked in a common value added chain are accelerated. Furthermore, inter-firm communication may be facilitated as spatial proximity enhances the establishment of trust and personal relationships between firms. Established relationships and trust among co-located firms promote the exchange of

\(^{16}\) Hanson (2000) p.479-480.  
\(^{17}\) The ‘California school’ is represented by Allen J. Scott and Michael Storper of the University of California, Los Angeles among others.  
tacit knowledge\textsuperscript{20} which spurs new ideas and innovation. Networks and collaboration processes are strengthened as risks and uncertainty diminish due to lower bargaining, policing and enforcement costs.

Critics of this approach emphasize that, first, input-output relations within a cluster are overrated whereas other aspects of spatial agglomeration such as collective use of local resources and infrastructure are undervalued. Critics further highlight that the exchange of knowledge heavily relies on social interaction which is not incorporated in the rational economic arguments of the transaction cost theory. Also, studies based on the approach have failed to show that potential transaction costs savings have influenced the location decision of firms, although regional linkages have existed.\textsuperscript{21}

\textbf{2.2.2 Institutional economics approach}

The transaction cost theory has been supplemented by the institutional economics approach which emphasizes the importance of institutional or organizational embeddedness in the production process. Agglomeration of economic activity is facilitated by the establishment of local or regional institutions and codified practices of exchange and encounter. Institutions ease the functioning of the local economy by providing critical overhead services, facilitating flows of information, promoting trust and cooperation among interlinked producers. Firms in clusters have access to local resources, labor market capabilities, specialized supplies and untraded interdependencies. These are sticky goods that are not transferable because they are an integral part of the social, economic, and physical characteristics of localized networks. Especially, the exchange of tacit knowledge often relies on long-term relationships and exchanges, embedded routines, norms and habits in these networks.\textsuperscript{22}

In addition, the approach highlights that firms in clusters take advantage of strong relations to a web of supporting organizations (“institutional thickness”\textsuperscript{23}) such as financial institutions, trade associations, training organizations, local authorities, and

\textsuperscript{20} Tacit knowledge is defined as know-how that can only be produced in practice. It is acquired via the informal exchange of learned behavior and procedures (Gertler (2003) p.78.).


marketing and business support agencies. Such institutional relations help to create synergies, and a collective sense of identity.24

The institutional approach, however, can only explain ex post to what extent local or non-local conditions have contributed to the development of an industrial cluster or prospering region. In the case of the Silicon Valley, it has been claimed ex post that strong relations to financial services, other producer services in San Francisco and intensive ties to the national defense industry have been important aspects in the development of the high-technology region.25 Furthermore, the approach does also not take the role of informal institutions and conventions into account.26

2.2.3 Agglomeration economies

Firms in urban agglomerations, cities and concentrations of economic activity such as industry clusters may face positive or negative returns. Positive returns are generated by agglomeration economies, in which spatial concentration itself creates the favorable economic environment of further agglomeration of economic entities. Agglomeration economies are either internal to the firm (economies of scale) or external to the firm, generated in the location (‘localization’ and ‘urbanization economies’).27

Localization economies refer to externalities occurring to firms that are closely located to other firms in the same industry. A local industry agglomeration increases innovation by providing industry-specific complementary assets that reduce costs of supplies or create greater specialization in input and output markets.28

Firms in agglomerations take advantage of shared costs of certain collective resources. In particular, the costs for producing and maintaining a dedicated infrastructure and other collective resources can be shared among co-located firms. Furthermore, spatial agglomeration of firms in certain industries results in the development of a highly skilled labor market from which firms as well as employees take advantage.29 Workers gain access to a greater number of potential employers, minimizing periods of unemployment and allowing more rapid progression up a career ladder with

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27 Schätzl (2000) p.34.
possibilities for greater wage growth. Spatial proximity also reduces transaction costs which, in turn, facilitates collaboration and coordination and creates trust among firms. Most significantly, however, is that spatial clustering of similar and complementary firms develops a critical mass that facilitates spillovers of tacit knowledge and stimulates innovation and collective learning. According to Malmberg and Maskell, concentrations of economic actors simply exist because of localization economies independently of the degree of internal interaction. In short, it is rather essential that many similar and related firms are located in the one environment. It enables them to observe and compare each other constantly, closely and almost with any costs in order to create enhanced knowledge. Most importantly, clusters induce differentiation, “comparability and observability” without discouraging exchange of knowledge. Feldman broadly defines urbanization economies as scale effects that are external to industries, but internal to geographic units such as cities. Jacobs argues that urbanization economies are realized through the exchange of complementary knowledge across diverse firms and economic agents within geographic regions. Above all, especially the variety and diversity of firms in spatial agglomerations promote growth and innovation than geographic specialization because knowledge spillovers rather come from outside the core industry. Studies by Glaeser et al. support the idea that more diversity in a local economy is associated with higher rates of growth. Furthermore, Storper and Venables, among others, identify ‘buzz’ as an important part of ‘urbanization economies’. Other authors refer to the concept as “industrial atmosphere”, “noise” and “local broadcasting”. The concept of ‘buzz’ refers to the network of information and communication linkages that are created by frequent face-to-face communication through spatial proximity. Buzz consists of specific information, updates of information, news, mutual understanding of new knowledge and skills, and intended as well as unintended learning processes. Firms and individuals simultaneously contribute to and benefit from the flow of information by just being

there.\textsuperscript{39} It should be noted, however, that empirical evidence for agglomeration economies has been inconclusive.\textsuperscript{40}

\textbf{2.3 Summary: Collective learning and tacit knowledge}

All three concepts highlight the significance of interactive processes of innovation and learning facilitated by spatial proximity. Changes towards a knowledge-based economy have shifted the basis for a firm’s competitive advantage from static costs advantages to the ability to create knowledge faster than competitors. Competitiveness is increasingly obtained through innovations in the production process and new innovative products and services.\textsuperscript{41} The innovation process itself is increasingly understood as an interactive learning process involving several actors: firms (learning by doing, learning by using), across firms, subcontractors, suppliers, customers and users (learning by interaction), competitors, and institutions (e.g. education system, research labs, state authorities). Thus, sources of innovation are not single firms alone, but rather results of collective or interactive learning.\textsuperscript{42}

\textit{Storper} emphasizes that most firms engaged in related industries locate in the same place to ensure that they are close to the ‘action’ in order to get access to the latest ideas on how products and markets are changing. Spatial proximity facilitates the exchange of both codified and tacit knowledge, and human relations.\textsuperscript{43}

Tacit knowledge has become more significant in sustaining firms’ resource heterogeneity which defines their competitiveness, as codified knowledge becomes easily available in all parts of the world.\textsuperscript{44} The effective sharing of tacit knowledge also requires an institutional proximity which is characterized by a high degree of mutual trust and a common understanding of shared values and ‘culture’\textsuperscript{45} among related actors. The exchange inability of tacit knowledge and the fact that it can only be produced in practice and transferred through face-to-face contact has increased the significance of spatial proximity. This reinforces the importance of innovative localized

\textsuperscript{43} Storper (2000) pp.151-152.
\textsuperscript{44} Maskell / Malmberg (1995) pp.4-10.
\textsuperscript{45} ‘Culture’ refers to common value systems, viewpoints, conventions, rules, ways of life and practices of a certain group of people (sociological interpretation of culture) (Krätke (2003) p.606)
clusters, districts and regions. There, localized capabilities and intangible assets enhance the competitive advantage of local firms.\textsuperscript{46}

3. Forms of spatial concentration of economic activity

In the literature, several theoretical concepts are discussed that describe different forms of spatial concentration of economic activity. These concepts generally outline learning and processes of innovation, but they differ in their nature of inter-firm linkages and degree of internal interaction.

Multiple scholars have used these concepts to describe the spatial concentration of particular sectors of the creative industry. Although most scholars stress horizontal and vertical inter-firm linkages that promote learning processes and innovation, the results differ depending on the chosen location and industry. In regard to the diversity of creative industries, no general notion has yet emerged that defines their spatial configuration. Whereas some agglomerations of creative sectors are characterized as pure agglomerations47, other scholars identify them as industrial districts or clusters48.

This thesis examines the spatial concentration of design industries within the creative industry complex in Los Angeles. Therefore, six models that may contribute valuable elements to the discussion of the spatial configuration of creative industries have been selected: the three territorial innovation models of the industrial district, the creative milieu, and Porter’s cluster, and additionally the model of pure agglomeration, the concept of project organization and the theory of cumulative attraction.

The model of pure agglomeration emphasizes the significance of agglomeration economies, independently of the internal interaction between co-located firms.

In contrast, the network approaches or ‘territorial innovation models’ highlight inter-firm linkages associated with collective learning and innovation, although the quality of interaction varies. While the industrial district is characterized by intense cooperation of firms along the same value-added chain, the creative milieu approach stresses the institutional embeddedness of firms in similar and related industries. Porter’s cluster emphasizes the generation of competitive advantages through competition as well as cooperation among co-located firms.

The concept of project organization emphasizes the temporary character of inter-firm relations. This framework adds another social organization associated with certain geographic implications to the discussion.

47 e.g. Turok (2003); Hutton (2000).
48 e.g. Bassett et al. (2002); Nachum / Keeble (1999) and Scott (2002, 2005); Krätke / Scheuplein (2001), respectively.
Finally, Nelson’s theory of cumulative attraction provides another explanation of the spatial concentration of services, in particular. Instead of underlining learning and innovation based on inter-firm interaction, it holds that cumulative processes are the driving factors behind co-location.

3.1 The model of pure agglomeration

The model of pure agglomeration describes the spatial concentration of economic activity without intensive inter-firm linkages and networks. Three benefits of pure agglomeration of economic activity are identified: the development of a local pool of specialized labor, increased local provision of non-traded inputs specific to an industry, and the increased flow of information and ideas. All firms in agglomerations realize external effects, better known as agglomeration economies.

In contrast to other industrial cluster models, pure agglomerations are characterized by no forms of cooperation between actors beyond what is in their individual interests in a competitive environment. Firms will change suppliers, customers, products and inputs simply in response to their specific requirements. The system simply functions as ecology of activities taking advantage of spatial proximity and developing emergent forms of specialization. The absence of local structures or long-term relations between actors implies that the local system is open for any business located in the area. Gordon and McCann state that the key elements of the pure form of agglomeration are evident features of economies of metropolitan areas and other cities producing high order services.49

Veltz also emphasizes that economic diversity and large markets in unrelated clusters minimize risks of entrepreneurial uncertainty. Particularly knowledge-intensive and creative industries which heavily depend on large pools of skilled labor, specialized inputs, knowledge, venture capital, and sufficient specialized markets are attracted to uncertainty reducing locations in urban agglomerations. Instead of using agglomeration economies as an explanation for spatial concentration, Veltz argues, above all, that undefined expectations of being better insured against risks of uncertainty in metropolitan areas. Both workers as well as firms seek for security. For the former, it is

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easier to find new jobs in times of high turn-over, whereas firms take advantage of a large pool of talent in metropolitan areas and cities.\textsuperscript{50}

3.2 Network approaches

Network approaches have received a growing attention in the field of economic geography. They stress the significance of spatial agglomeration of similar and related industries to enhance knowledge spillovers and generate innovation. Firms take advantage of external economies of scale through a specialized infrastructure, a supply of skilled labor, and stable inter-firm relations. Collective learning processes foster the firms’ competitiveness and create competitive advantages. Several other mechanisms are claimed to be responsible for the formation of such networks: reduced transaction costs, embeddedness and trust, spillovers of tacit knowledge, and the influence of a local milieu.

3.2.1 ‘Marshallian’ industrial district

The first notions about to positive externalities of spatial concentrated economic production have been developed by Alfred Marshall in his work “Principles of Economics” in 1890. Marshall emphasized that the spatial proximity between firms creates an ‘industrial atmosphere’ that generates gains in productivity.\textsuperscript{51} ‘Marshallian’ industrial districts\textsuperscript{52} can be characterized as dynamic, creative regions where mostly locally owned small and medium-sized companies in craft-based, high-technology industries, or producer services concentrate (Figure 3.1).\textsuperscript{53} Localization economies generated by an advanced specialized division of labor and product specialization between firms in territorial agglomeration result in reduced costs and economies of scale. This increases the competitiveness and productivity of small firms, which provides an alternative to internal economies of scale of big companies.\textsuperscript{54}


\textsuperscript{52} Other types of industrial districts (‘Hub-and-Spoke District’, ‘Satellite Platform District’ and ‘State-anchored industrial district’) also exist, but they are not relevant for this topic.

\textsuperscript{53} Barkley / Henry (2001) p.4.

\textsuperscript{54} Asheim (1996) p.383.
Localization economies are realized through a better accessibility to a large supply of skilled and specialized labor, specialized suppliers and distribution networks, and access to industry-specific infrastructure and institutions. Firms in industrial districts are characterized by high flexibility and specialization, each firm producing a different part along the value-added chain. Firms in industrial districts can be distinguished into three types: firms that produce for the final market, stage firms, and firms vertically integrated. The highly specialized division of labor represents the basis for close intra- and inter-sectoral input-output relations.\textsuperscript{55}

Long-term contracts and commitments between firms help to establish formal and informal relations.\textsuperscript{56} Mutual knowledge, trust, and the “industrial atmosphere” promote the adoption and diffusion of knowledge among SMEs in industrial districts.\textsuperscript{57} Also, frequent movement of labor between firms enhances the circulation of tacit knowledge. In contrast, industrial districts only have minimal linkages to firms outside the district.\textsuperscript{58} Only a small fraction of firms maintains linkages to other firms and markets outside the district. These core firms initiate a collective learning process as they

\textsuperscript{56} Schamp (2000) p.73
\textsuperscript{58} Markusen (1996) pp.297-301.
diffuse new knowledge and new market information to suppliers and contractors in the industrial district.\textsuperscript{59}

Critics review that ‘Marshallian’ industrial districts do not adequately meet the challenge of remaining competitive in a globalizing world economy. Originally, the competitive advantage of industrial districts is based on the creation of external economies of scale for groups of small firms as an alternative to internal economies of scale of big companies. Although firms in contemporary industrial districts also gain productivity through economies of scope, it remains doubtful if the innovation capacity is large enough to sustain global competitiveness.\textsuperscript{60} In contrast, \textit{Schamp} points out that ‘neo-Marshallian’ industrial districts have adjusted to the increasingly globalizing economy by producing a high ability for innovation, collective learning and adjustment to changing market conditions.\textsuperscript{61} They suggest a complex interplay between the local and the global scale, with the latter being vital for the competitiveness of firms on the local scale.\textsuperscript{62}

\subsection*{3.2.2 Creative, innovative milieu}

As an alternative to the concept of the industrial district, the GREMI group (Group de Recherche Européenne sur les Milieux Innovateurs), a research group of predominantly Italian and French social scientists, has introduced the concept of the ‘innovative’ or ‘creative’ milieu in the 1980s.\textsuperscript{63} Spatial proximity of related actors and the existence of a creative milieu are considered as essential prerequisites for the development and growth of innovative economic activity in regions.\textsuperscript{64}

The GREMI group defines the creative milieu as “\textit{the set, or the complex network of mainly informal social relationships on a limited geographical area, often determining a specific external ‘image’ and a specific internal ‘representation’ and sense of belonging, which enhance the local innovative capability through synergetic and

\textsuperscript{59} Schamp (2000) p.73.
\textsuperscript{60} Asheim (1996) p.383.
\textsuperscript{61} Schamp (2000) p.72.
\textsuperscript{62} Nachum / Keeble (1999) p.35.
\textsuperscript{63} Mostly, the terms ‘innovative’ and ‘creative’ milieu are used simultaneously in the literature (Fromhold-Eisebith (1995) p.30).
\textsuperscript{64} Schätzl (2000) p.232.
collective learning processes". A creative milieu is based on a localized production system or part of a value-added chain which heavily relies on social networks and non-territorial industry-specific networks. Firms, suppliers, customers and related services which maintain strong input-output linkages and labor relations, and share technology as well as information are spatially concentrated. Informal and formal linkages within the production system promote the development of a local socio-institutional embeddedness through common practices and norms. This not only enables the development and conservation of knowledge and routines, but also facilitates the involvement of research institutions and local authorities to bolster the embeddedness of various actors in the milieu (Figure 3.2).

Figure 3.2: Creative milieu, Source: based on Bathelt / Glückler (2002) p.191.

Frequent inter-firm interaction within the creative milieu promote effective diffusion and adoption of knowledge, imitation of successful managerial practices and technological innovations, face-to-face contacts, cooperation between firms, and tacit circulation of information. Collective learning processes result in continuous innovation and creativity. The transfer and exchange of knowledge is not only based

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65 Camagni (1991) p.3.
on informal and formal networks. Workers that move between firms are important carriers of knowledge and information and contribute to steady circulation of knowledge in creative milieus. A regional identity and mutual trust lower fierce competition and promote horizontal inter-firm interaction and cooperation. Critics of the model argue that it is hard to find empirical evidence of creative milieus because it is difficult to model and measure the mostly qualitative characteristics. \textit{Asheim} criticizes that the model does not specify the mechanisms and processes which promote innovation more successfully in some regions than in others.

### 3.2.1 Porter’s cluster

The cluster approach goes back to \textit{Michael E. Porter’s} work “Competitive Advantages of Nations” in 1990. There, \textit{Porter} defines a cluster of economic activity as a “geographically proximate group of inter-connected companies and associated institutions in a particular field, linked by commonalities and complementarities”. A cluster can range in its spatial dimension from a single city or state, to a country or even a group of neighboring countries. According to \textit{Porter}, cluster can take varying forms depending on their depth and sophistication. Mostly, they include end-product or service companies; suppliers of specialized inputs; financial institutions; and firms in related industries. Cluster further include firms in complementary industries, specialized infrastructure providers, various institutions that provide research, education, specialized training and technical support, and governmental institutions. Finally, \textit{Porter} argues that cluster often include industry or labor supporting organizations such as trade associations and other private sector bodies.

The presence of cluster suggests that much of the competitive advantage lies outside the company or even outside its industry. \textit{Porter} argues that competitive advantages cannot only rely on management and company attributes when many successfully performing firms in certain industries agglomerate in distinct locations. According to \textit{Porter}, firms that reside within a cluster are more likely to attain a competitive advantage. The effect of location on competitive advantages has been explained by the

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dynamic interrelation of four elements, which have become known as ‘Porter’s diamond’ (Figure 3.3): Factor and input conditions such as a specialized supply of skilled labor, components, and business services; demand conditions including sophisticated local customers; related and supporting industries, and firms’ structure, strategy, and rivalry.\(^74\)

![Figure 3.3](image.png)

**Figure 3.3:** Porter’s diamond of competitive advantages, *Source: Porter (1990) p.133.*

Local competition, rivalry and cooperation between vertically or horizontally integrated firms are the major elements for the generation of a competitive advantage in a specific industry. According to *Porter*, regional and local competition increases the firms’ need to stay innovative in order to sustain or even expand their position in the global or national market. *Bathelt, Malmberg* and *Maskell* add that horizontally integrated firms that compete with each other in particular take advantage of spatial proximity in clusters in terms of continuous monitoring and comparing of competitors’ behavior. This creates rivalry and serves as an incentive for product differentiation and variation. Rather unimportant is the role of the state and related political institutions as well as historic events.\(^75\) Spatial proximity in clusters allows firms to take advantage of reduced transaction costs and better access to skilled labor, specialized suppliers, information, and tacit knowledge. It further increases opportunities for collaborations

that may build trust. Firms in clusters are more productive and generally demonstrate a greater capacity for innovation.\textsuperscript{76}

Critics argue that Porter underrates the significance of institutions and social processes. The embeddedness of industrial structures in social processes as well as linkages between institutions and the private sector are insufficiently covered.\textsuperscript{77} Other scholars emphasize that external linkages also create knowledge and generate growth in local clusters. Facing global competition and responding to a global demand, firms increasingly expand their external relationships to a wider geographic scale. This also affects other firms as new external knowledge is likely to spill over through local inter-firm interaction in the cluster.\textsuperscript{78}

### 3.3 Project organization

Recently, scholars have focused on project organizations as more fluid and market-responsive organizational forms, and their spatial implication. As a further shift from inter-firm networks to inter-personal collaboration in leading edge industries such as creative industries, some authors even see project teams as the new units of economic action.\textsuperscript{79}

The concept of project organization, however, does not intend to compete with other theoretically related ‘territorial innovation concepts’ such as clusters, industrial districts and creative milieus. Project organization rather provides a different form of social organization, in particular prevalent in creative industries, which links related physical and organizational layers for a limited period of time (Figure 3.4). Project organization describes the organizational system that results from interdependencies between projects and particular firms, personal relations, localities, and corporate networks. It primarily relates to sectors which are comprised of large proportions of SMEs and freelancers. While the ‘territorial innovation models’ highlight long-term relations, projects are mostly temporary collaborations. Projects are driven by rivalry rather than

\textsuperscript{76} Porter (1998) pp.81-83.


Scott as well as Krätke and Scheuplein use the cluster concept in their work about the spatial concentration of certain creative industries. Whereas Scott comes to this conclusion in case of the film and entertainment industry in Los Angeles, Krätke and Scheuplein classify the film industry in Berlin-Potsdam as a cluster (Scott (2005); Krätke / Scheuplein (2001)).

\textsuperscript{79} Grabher (2000a) p.205.
coherence, although involved entities strongly interact. Projects are embedded in cooperative networks that support the rapid flow of resources, information and knowledge. Short-term collaboration allows flexible production processes to respond rapidly to changing market conditions. Costs and risks of uncertainty are reduced, while creativity and firm’s expertise are increased. Projects are defined as temporally limited sets of interrelated tasks. On the one hand, when tasks are unique, the project is formulated for a unique set of contingencies that will not recur. On the other hand, when tasks are repetitive, the coordination of projects will take on at least some of the properties of a permanent organization. Successful project teams of firms and individuals form quasi-recurrent or latent production networks and fill a pool of resources over a limited series of projects. By learning from past relations, involved firms and individuals develop rules of behavior which accelerate short-term collaboration without the use of extensive formal contracts. The continuous formation of project ensembles creates opportunities of learning from multiple project partners (firms, individuals) in a relatively short time period (learning by switching). Mutual trust and codes of conduct also accelerate localized collective learning.

Figure 3.4: Projects in creative communities, Source: based on Grabher (2002a) p.253.

84 Grabher (2002a) p.252.
Spatial agglomeration of related industries is essential as project relations are driven by the availability of resources and speed of delivery. Also, stronger dependence on personal networks for job search make co-location a virtual necessity. Increasing uncertainty about job matches ties project-oriented firms and workers to fixed regional markets. Additionally, individual workers and firms, in particular newcomers, benefit from specialized markets, greater employment opportunities and increased visibility of existing agglomerations of economic activity. Agglomerations of economic activities provide constant opportunities for jobs, planned and unintended face-to-face interaction and “informal hang-outs” where information is exchanged. The concentration of information, also referred to as ‘buzz’, facilitates the formation of project ensembles and the evaluation of recent trends. Grabher argues that not just access to information, but the emergence of interpretive communities that filter ‘buzz’ into patterns of signals ties project clusters together. Reputation is crucial and who you know becomes even as important as what you know.

3.4 Nelson’s approach on location of services

Additional aspects that may help to explain the spatial agglomeration of creative industries can be drawn from Nelson’s theory of the location of services. Nelson’s observations mainly describe retail locations, but are also very useful to describe spatial behavior of service activities. In addition, the approach qualifies for this study as the location of retailing is regarded extensively in the urban context. The theoretical framework is in particular applicable for producer services that co-locate in order to take advantage of the propinquity to direct competitors and producers of related and complementary services. First, ‘generative business’ is generated by the business’ services and products, and its reputation and image. In this case, producer services generate business based on the quality of their services and products, and their reputation among customers and other services. These businesses do not rely on spatial

87 Batt et al. (2000) p.22.
89 Nelson (1958) p.3.
proximity to other businesses. Second, ‘shared business’ is the result of generative power of neighboring businesses. Smaller businesses, for instance, take advantage of the co-location of well-known multi-national corporations. Third, ‘suscipient business’ is defined as unintended business that results from choosing a location frequented by customers for other reasons.

Two elements add important aspects to the explanation of co-location of services: the theory of cumulative attraction and the principle of compatibility. The principle of compatibility holds that services that offer complementary products or services tend to locate in agglomerations because high degrees of compatibility exist. Spatial proximity enables businesses to maximize interchange. This concept has often been applied to the location of consumer-oriented services. By the same token, Nelson also finds that services often co-locate, although they are direct competitors and they have not developed any relations. Firms take advantage of collectively generated business which attracts more customers and increases reputation as well as visibility to clients. Cumulative attraction is not confined to competing businesses, but also to complementary businesses, in particular in high-order producer services.91

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4. Creative industries – Toward a definition

Recently, creative industries have gained enormous attention in the literature of economic geography and economic development. Related to the recent growth of employment and growing economic impact of creative industries in various cities and regions, numerous reports and studies have been published. There is little consensus, however, about different existing definitions of the term ‘creative industries’. Along with the term ‘creative industries’, the literature also refers to the terms ‘cultural industries’ and ‘culture industry’. Furthermore ‘creative industries’ and ‘cultural industries’ are often used simultaneously. The following section illustrates the evolution of the term ‘creative industries’ and analyzes what sectors actually define the creative industries.

4.1 From ‘cultural industry’ to ‘creative industries’

The term ‘cultural industry’ (“Kulturwirtschaft”) was first introduced by Adorno and Horkheimer in their work “Dialektik der Aufklärung” in 1947. There, Adorno and Horkheimer created the term ‘cultural industry’ in their critique of the commercial production of mass culture. The cultural industry was seen as one entity composed of all forms of commercial cultural production. The commercialization of culture was long disclaimed. Paradoxically, in the 1970s and 1980s only those cultural activities were subject of public funding or cultural policy initiatives that did not have any commercial intention or utility.

In the 1980s, the Greater London Council (GLC) introduced the term ‘cultural industries’ to policy circles. Two significant facts were emphasized: first, particularly those cultural industries that are outside the public funding system and operate commercially are important generators of wealth and employment, and second, the vast majority of the whole range of cultural products and services which people consume (TV, film, radio, music, books, concerts etc.) is also produced outside the public funding system. Whereas Adorno stressed the contradiction of art and culture and ratio-

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92 Scott (1996, 2000, 2005); Florida (2000) and see various publications e.g. Senatsverwaltung für Wirtschaft, Arbeit und Frauen, Berlin (2005); Center for an Urban Future (2005); City of Vienna (2004); Greater London Authority (2004).
economic activities, the term ‘cultural industries’ tied art and culture and economic processes together. Still, the notion of cultural industries had only been adopted by policy institutions. The academic realm still focused on the social and cultural implications of the mass consumption of cultural goods. The distinction between non-commercial art and culture and commercially-oriented cultural production determined the definition of ‘cultural industries’ until the 1990s.

In response to the extensive growth of new media industries in the late 1990s, industries such as multimedia and software development have been included in the cultural industries’ definition.

In 1998, the Creative Industry Task Force (CITF) of the British government’s Department of Culture, Media and Sport introduced the term ‘creative industries’ in its influential ‘Creative Industries Mapping Document’. This definition distinguishes between ‘cultural industries’ as ‘artist-centered’ and ‘creative industries’ with an emphasis on technological reproduction and mass accessibility. It includes traditional, publicly funded cultural industries, but also explicitly commercially oriented creative industries such as advertising, film and music. The CITF defines ‘creative industries’ as “activities which have their origin in individual creativity, skill and talent, and which have the potential for wealth and job creation through the generation and exploitation of intellectual property”95.

Nonetheless, Drake points out that this definition lacks sufficient clarity for research purposes, as it could be correctly claimed that most industries of the economy are based on individual creativity, skills and talent, and the exploitation of intellectual property.96

In a more convincing attempt, Banks et al. characterize creative industries as industries that produce goods and services whose primary value derives from its aesthetic attributes.97 Similarly, Scott defines creative industries as “all those sectors in modern capitalism that cater to consumer demands for amusement, ornamentation, self-affirmation, social display and so on. These sectors comprise various craft, fashion, media, entertainment and service industries with outputs like jewelry, perfume, clothing, films, recorded music or tourist services. Such outputs have high symbolic value relative to utilitarian purpose”98. Unlike the definition of the CITF, Banks et al.

and Scott stress the significance of a high aesthetic, semiotic, sensory, or experimental content in creative outputs. This refers to Lash and Urry’s argument that goods and services are increasingly becoming “aestheticized”99 with their symbolic attributes forming a greater proportion of value-added.100

A different definition has been introduced by Richard Florida in his controversial book “The Rise of the Creative Class”. Florida defines the ‘creative class’ very broadly as professionals that are engaged in work “whose function is to create meaningful new forms”101. This includes all industries that produce creative and innovative goods and services, that have high R&D expenditures, and those industries that employ a large number of scientists and engineers. Thus, this concept does not only include creative industries per se, but also knowledge-intensive industries such as high technology sectors, biotechnology, and financial services. Florida does not limit creativity to the aesthetical value, but also includes problem solving activities as creative processes.102

4.2 Quantitative, statistical differentiation

The definitions of creative industries introduced in the last section vary to some degree. Also, obstacles in the statistical measurement exist which need to be overcome. The creative industries consist of a multiplicity of manufacturing and service activities that often overlap. The boundaries between services and industrial production, however, increasingly blur. Some creative products emanate from traditional manufacturing industries engaged in the transformation of physical inputs into final outputs (e.g. fashion, furniture, jewelry). In other cases, services involve some personalized transaction or the production and transmission of information (e.g. performing arts and advertising), whereas other creative products may be thought of as a hybrid form (e.g. music recording, publishing, film production).103

The North American Industry Classification System (NAICS) imposes an artificial manufacturing/services distinction. Thus, multiple sectors of the creative industries that are characterized by manufacturing as well as service activities are not accurately represented in the NAICS.

Furthermore, the analysis of statistical data of creative industries underlies several other weaknesses. The definitions of the individual sectors in the industrial classification system have changed from time to time which makes an inter-temporal comparison not feasible.\textsuperscript{104} Also, the identified sectors are not always devoted exclusively to the production of ‘creative products’ (e.g. publishing of books compared to publishing of commercial directories). Other creative industries simply cannot be identified in the industrial classifications. New developing new media industries such as software development, web design and multimedia are still included in other industrial categories (e.g. motion picture and video industries, advertising services, or other information services).\textsuperscript{105}

Nevertheless, the industrial categories of the recent classification (NAICS) predominantly coincide with definitions of creative industries. In particular, five-digit industrial categories of NAICS provide a very useful classification for the statistical evaluation of creative industries.

Statistical data, however, do not give a complete picture of the entire creative potential in terms of employment. Often, creative professionals do not work in those sectors that have been included in the definition of creative industries. Instead, they are ‘embedded’ in other sectors that are not included in creative industries’ definitions (e.g. art teachers in schools, graphic designers in financial services). By the same token, some if not all creative industries employ workers that are not involved in the creative production process. The fashion industry, in particular, is characterized by a large share of labor-intensive jobs compared to a relatively small share of creative production. The same argument applies to other manufacturing-intensive creative industries such as furniture and jewelry. To illustrate these points, research on British Census data among individual workers in the creative industries has shown that about 25% work in creative occupations in creative industries, 40% have creative occupations outside the creative industries, and 35% work without creative occupations in creative industries.\textsuperscript{106}

In this thesis, ‘creative industries’ refer to those industries whose outputs have a high aesthetic, semiotic, or symbolic content, which echoes the definitions used by Banks \textit{et al.} and Scott. Craft and manufacturing-intensive industries, however, (such as manufacturing of apparel, furniture, printing, jewelry, and toys), which have been

\textsuperscript{104} U.S. Standard Industrial Classification (SIC) changed to NAICS in 2002
\textsuperscript{106} Menger (1999) p.543.
included by Scott\textsuperscript{107}, are not included in this definition of creative industries. These industries are primarily characterized by non-creative activities. Rather, they are devoted to the consumption of products and services with a high aesthetic and symbolic value than to the production.

The definition of creative industries, used in this paper, includes the following industries: advertising, architecture, motion picture & video, broadcasting (TV, radio), publishing, specialized design, sound recording, performing arts, and photography.\textsuperscript{108} New media industries cannot be included as they are not properly recorded in the statistical data. Yet, new media industries are, to some extent, included in other statistical categories of creative industries.

### 4.3 Growth of Creative industries

The rapid advance of digital technologies, the globalization of communication networks, and the shift to a knowledge-based economy have led some sectors of the creative industries to become some of the fastest-growing sectors in advanced economies. In some of the world’s advanced economies, creative industries are growing between 5\% and 20\% annually. Whereas the world’s biggest companies in 1950 were predominantly manufacturing companies such as Ford and General Motors, today’s largest global companies include media, entertainment and publishing companies such as Time Warner, Bertelsmann and Disney.\textsuperscript{109}

Norcliffe and Rendace identify four reasons why creative industries are of growing economic importance. First, new innovations have created diverse creative or cultural products, particularly movies, TV, recorded music, the web, computer-related entertainment, and leisure activities. These new creative products have been increasingly introduced into social exchange and trade. Second, new lifestyles have appeared that engage these technological possibilities. Consumption is increasingly tailored to individual demand. Many formerly utilitarian goods and services were transformed by design and fashion, so that they function to some extent as personal ornaments, modes of social display, “aestheticized”\textsuperscript{110} objects or forms of

\textsuperscript{108} Refer to Appendix 10.1 for a detailed overview of industries by NAICS code that are included in the definition of creative industries.
\textsuperscript{109} Creative Clusters (2006)
\textsuperscript{110} Scott (1997) p.324.
entertainment. Third, new generations have the time, disposable income, and the desire to consume various cultural products and services. Fourth, it is argued that the automation or subcontracting of domestic work such as house cleaning, and fast-food preparation have enhanced the amount of discretionary time that is devoted to diverse cultural activities. Related to the rise of the knowledge-based economy, O’Connor further adds that the role of ideas and information in production and distribution has increased. The ability to produce and adapt ideas and knowledge determines the competitiveness of economic actors. Cultural and creative knowledge has become crucial for the development of manufacturing and of the newer service sector. Thus, growth patterns of creative industries largely correspond to general approaches explaining the growth of producer services. Productivity gains, increasing disposable income along with globalization, technological innovation, diversification and new modes of production are considered as the most important determinants. Not all creative industries, however, are growing rapidly, if at all. More than other industries, creative industries face continuous changes of fashion and taste causing dramatic and unpredictable fluctuations of demand.

113 Kulke (1998) pp.185-188.
5. Understanding Creative Industries

There is not one creative industry alone, there are several. The creative industries are best described as a production system which is composed of several creative industries displaying many different kinds of technologies, transactional arrangements, employment profiles, and products. Nonetheless, there are some prominent points of correspondence as they participate in general structures of flexible specialization and vertically disintegrated production processes.\(^{115}\) Creative firms are often considered to be more innovative, information-based, dynamic, flexible, and dependent on local clusters and networks. Creative industries are constantly renewing and re-inventing themselves in response to changing technology and demand, and the development of new media. They differ from Fordist and post-Fordist arrangements. But what characteristics of creative industries foster their ability to thrive in a ‘post-modern’ knowledge-based economy? A detailed discussion of characteristics of creative industries is laid out below.

5.1 Micro-business / SME

Production in creative industries is predominantly organized in dense networks of specialized small or medium-sized firms that are strongly dependent on one another for specialized inputs and services. A large proportion also operates as self-employed and freelancers that often work on temporary, short-term contracts. These attributes have long been considered as marking the fragility and volatility of the sector. On the one hand, the drawbacks of flexibility, individuality, and independence are risk and uncertainty on the other hand. Once marking it out from mainstream business organization, the nature of organization in creative industries defines the most recent employment trends.\(^{116}\)

Banks et al. argue that some firms are even keen to avoid expansion of business size as it is associated with increasing fixed costs and bureaucracy. Some businesses prefer to stay small because they feel that their flexibility and their ability to be creative would be into jeopardy.\(^{117}\) It is not uncommon, however, to find large, multi-national and


\(^{117}\) Banks et al. (2000) p.459.
vertically integrated firms that participate in the same networks (e.g. major film studios in Hollywood, leading publishers in New York).\textsuperscript{118}

5.2 Projects

A project is a temporally limited set of interrelated tasks. Projects have become typical in creative industries such as film, advertising, sound recording, and design. Project organization differs from the traditional industrial company that uses projects for development or innovation. Projects in creative industries are not ‘on-off’, but cyclical. Projects similar to networks rely on advanced division of labor of specialized firms and workers. They are organized across firm boundaries and involve workers and firms of different expertise. Thus, project organization is directly related to firms and networks. Personal networks and a latent pool of skilled talents cater to projects of different contexts. Moreover, projects are embedded in personal relationships and certain localities.\textsuperscript{119}

Projects can be organized within a permanent institution or they can be purely temporary stand-alone projects. Their spatial scale is more fluid as they may take place in different locations and contexts. Thus, projects create temporary and fluid places where knowledge is exchanged and generated. Project partners may temporarily work in the same location for the duration of the project enabling steady interaction. In other cases, they are spatially separated, but meet on regular occasions in person or through virtual interfaces to exchange ideas or discuss results.\textsuperscript{120}

Many creative professionals move between projects providing specialized skills for the production of creative products. Project organization involves different combinations of different labor inputs, high labor fluctuation, and short-term contracts. Christopherson argues that projects are rather carried out by ensembles than teams. Someone may be the art director in one project and be hired as a contractor on the next production. The studio model adopted from the film industry has emerged as a common organizational model. This involves an ensemble managed by a director or producer who directs the

\textsuperscript{118} Scott (1997) p.333.
diverse set of skills. After the project is successfully completed, the project ensemble dissolves.\textsuperscript{121}

5.3 Risk and trust

Creative businesses operate within volatile and unstable markets that determine the aesthetic value of products. Employment and collaborative production processes are mostly short-term. Project ensembles typically dissolve after a project is completed. Uncertainty about job and employment opportunities results in frequently recurrent job search and recruitment activities. \textit{Storper} and \textit{Scott} find that a large proportion of jobs are secured through reputation and social networks. It appears that social networks, and thus personal knowledge and credibility have gained significance in the vertically disintegrated production system of the creative industries. Consequently, creative professionals rank friends and colleagues as the most important sources of jobs.\textsuperscript{122} While uncertainty and trust can be managed through social integration, it can also be augmented through spatial concentration. Spatial concentration and social integration of internal and external, social and professional ties diminish risk and uncertainty.

Common to all creative businesses is a certain kind of risk that comes with the production of products and services of a high symbolic and aesthetic value. Firms in creative industries are constantly trying to be ‘on the edge’ to stay competitive. They invest in the ability to spot new trends, styles, and symbols and to create new knowledge to make gambles on future markets. Creativity, cultural and aesthetic understanding as well as ideas are the most valuable economic resource. Thus, intellectual copyright is a primary concern as new products and services that are introduced in the market may be copied by others.\textsuperscript{123}

5.4 Flexibility / Cross-over specialization

Firms and professionals in creative industries are characterized by great flexibility. They are able to combine a number of different occupations. Thus, creative professional usually move away from fixed career paths. The volatility of the industry

and varying aspirations of creative professionals make it difficult to map out a fixed occupational career path. Combined with talent and skills, the ability to deal with this demand for flexibility is part of the ability to work in creative industries.\textsuperscript{124} Flexibility applies with each particular job or project. Creative workers are able to adapt many skills rapidly as technological applications, techniques, trends, and demand are continuously changing. There is a constant pressure to adapt new skills, technology, and trends. Hence, continuous training and learning are essential to sustain competitiveness.\textsuperscript{125} The multi-faceted set of specialized skills of creative professionals enables them to do business across conventional sectoral boundaries.\textsuperscript{126}

5.5 The production system

The production system of creative industries is characterized by four key links (Figure 5.1).

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{production_system.png}
\caption{Production system of creative industries, \textit{Source: based on Pratt (2004) p.54.}}
\end{figure}

Creation / content origination refers to the various processes by which creative ideas and material are originated and produced. This stage includes the most visible activities of the creative industries, e.g. design, music composition, photography and painting. Manufacture concerns the production of prototypes that may be reproduced later. It also encompasses the making of specialized goods and materials used within creative

\begin{flushright}
\textsuperscript{124} O’Connor (1999) pp.7-8.
\textsuperscript{125} O’Connor (1999) p.8.
\textsuperscript{126} Christopherson (2002) p.17.
\end{flushright}
industries. Distribution and mass production refers to the activities associated with the channeling of creative products and services into end-user markets (e.g. printing, CD replication). Exchange refers to the consumption and exhibition of creative products; embodied either in venue-based activities as concert halls, theaters and cinemas or in retailing of certain products such as books, CDs, and DVDs.

Pratt argues that the metaphor of a value-added chain which emphasizes functional relationships within a vertical production system is not appropriate for creative industries. A web is a more appropriate metaphor in capturing the complex system of many horizontal relationships and interdependencies between different sub-sectors of the creative industries and other industries.127 Figure 5.2 illustrates this argument on the example of Portland’s creative industries cluster.

![Figure 6: Creative services industry cluster in Portland, Source: based on Portland Development Commission (1999) p.20.](image)

5.6 Urbanity

Creative industries are predominantly attracted to the urban environment. They take advantage of the infrastructures of cities and other externalities: extensive opportunities of face-to-face contacts, the circulation of ideas and talent, emerging trends and tastes,

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a diverse and competitive environment, and the infrastructure of agencies and institutions. Also, consumers are generally found in metropolitan areas and, more often than not, they choose to consume in such locations.128

Florida argues that, in particular, socio-cultural properties and amenities attract creative workers to certain cities to live and work. Cities that are characterized by an atmosphere of openness, diversity and tolerance enhance their attractiveness for creative talents. Creative workers tend to concentrate in cities or in particular districts that are centers of creativity, and where they like to live.129 Such places embody a place-based environment that is conducive to the development of new ideas and businesses.130

It appears that particular creative sectors have common preferences of location. Almost all relevant industries are attracted to a local environment of a diverse set of creative industries which is perceived as a certain ‘creative atmosphere’. Krätke finds that creative industries preferably locate in inner-city locations which merge leisure, living and working environments. This results in an overlapping of certain forms of lifestyle and urban organization of production.131

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130 Florida (2002a) p.58
6. Creative Industries in Los Angeles

Creative industries in Los Angeles are predominantly “focused on products that cater to demotic, informal, post-bourgeois tastes, and it exploits an abundant multifaceted imagery drawn from a mixture of natural local color (sunshine, surf, palm trees) and a relaxed texture of social life with purely fictional associations that are themselves the residues of previous rounds of cultural production”\(^\text{132}\). The place of production of cultural products has become increasingly important as the quality of products is associated to it. According to Molotch and Scott, products of creative industries are almost always infused with evocation of their places of origin. The positive connection of the product’s image to the place generates a kind of monopoly rent that adheres to places of production (e.g. Hollywood films, fashion from Paris). Positive and appealing images create competitive advantages against products from competing places.\(^\text{133}\)

The most successful creative industries in Los Angeles capitalize on the attributes of Los Angeles as a place and the “L.A. look and feel”\(^\text{134}\) - relaxed, informal, colorful, leisure-oriented and accessible to mass sensibilities – whether it is the entertainment industry (motion picture, television, and music), or other industries such as architecture, advertising, and design. Much of their success is based on the ability to project these qualities in both original and nostalgic forms.\(^\text{135}\)

The media and entertainment industries transmit images, both real and mythical, of Los Angeles to a global audience. This creates a worldwide perception of Los Angeles as a place with a distinctive aesthetic order and social aura, in particular appealing to popular tastes and mass sensibilities. Scott argues that these qualities are directly translated to the other creative industries. Each of the sectors draws positive benefits from the others through shared icons and cross-over fertilization.\(^\text{136}\)

The most dynamic creative industries are subject of complex spillovers of cultural associations across industries – from set design to interior design, from graphic arts to advertising, and most importantly, from movies and TV shows to music and fashion.

\(^{132}\) Scott (2000a) p.10.
\(^{136}\) Scott (2002a) p.1301.
The concentration of entertainment industries in Los Angeles is a major externality for other creative industries in the region.\textsuperscript{137}

### 6.1 A quantitative overview

By 1990, Los Angeles had almost matched New York in the number of people working in creative industries. To this date, about 109,000 people were employed.\textsuperscript{138} Based on the definition of creative industries (see chapter 2.2), some important observations can be made about recent employment trends in creative industries in Los Angeles.\textsuperscript{139} In 2004, the creative industries have accounted for a total of 216,696 employees in 18,068 establishments.\textsuperscript{140} This constitutes a share of 5.4% of the total employment in Los Angeles County.

Table 6.1 illustrates the extraordinary diversity and quantitative significance of creative industries in Los Angeles. While motion picture & video industries confirm their dominant role (almost 60% of the total employment in creative industries), advertising, publishing and broadcasting industries are also important in terms of employment. Architecture, specialized design, performing arts industries and independent artists constitute other important sectors within the creative industry complex. The entertainment industry including motion picture and video, sound recording, and broadcasting industries combines for 144,513 employees and stresses its extraordinary significance in the economy of Los Angeles.

The \textit{Los Angeles County Economic Development Corporation} (LAEDC) even considers the entertainment industry the third largest industry in terms of employment in Los Angeles. Using a broader definition\textsuperscript{141}, the entertainment industry has ranked behind direct international trade and tourism in 2004.\textsuperscript{142}

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\textsuperscript{138} Molotch (1996) p.234.
\textsuperscript{139} Yet, numbers of employment in respective creative industries vary depending on sources. Also, intertemporal comparisons are difficult as industry classifications have changed over time. The NAICS has been updated in 2002, and thus, definitions differ from previous industry classifications.
\textsuperscript{140} U.S. Department of Commerce, U.S. Census Bureau, County Business Patterns, 2006
\textsuperscript{141} Their definition also includes independent artists and magnetic media manufacturing in addition to motion picture and video, sound recording and broadcasting industries.
\textsuperscript{142} LAEDC (2005) pp.1-10.
Table 6.1: Employment and establishments in creative industries in Los Angeles County in 2004

<table>
<thead>
<tr>
<th>NAICS</th>
<th>Industry</th>
<th>Employment</th>
<th>Establishments</th>
<th>Average establishment size (employment size)</th>
</tr>
</thead>
<tbody>
<tr>
<td>51111</td>
<td>Publishing</td>
<td>13,575</td>
<td>637</td>
<td>21.3</td>
</tr>
<tr>
<td>5121</td>
<td>Motion picture &amp; video industries</td>
<td>128,563</td>
<td>5,054</td>
<td>25.4</td>
</tr>
<tr>
<td>5122</td>
<td>Sound recording industries</td>
<td>3,617</td>
<td>492</td>
<td>7.4</td>
</tr>
<tr>
<td>5131</td>
<td>Broadcasting (radio and television)</td>
<td>12,333</td>
<td>216</td>
<td>57.1</td>
</tr>
<tr>
<td>5413</td>
<td>Architecture</td>
<td>8,202</td>
<td>1,026</td>
<td>8.0</td>
</tr>
<tr>
<td>5414</td>
<td>Specialized design services</td>
<td>7,843</td>
<td>1,737</td>
<td>4.5</td>
</tr>
<tr>
<td>5418</td>
<td>Advertising &amp; related services</td>
<td>22,153</td>
<td>1,737</td>
<td>12.8</td>
</tr>
<tr>
<td>54192</td>
<td>Photography</td>
<td>2,814</td>
<td>571</td>
<td>4.9</td>
</tr>
<tr>
<td>7111</td>
<td>Performing arts companies</td>
<td>6,096</td>
<td>871</td>
<td>7.0</td>
</tr>
<tr>
<td>711510</td>
<td>Independent artists, writers, &amp; performers</td>
<td>10,870</td>
<td>5,686</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Total employment creative industries</strong></td>
<td><strong>216,066</strong></td>
<td><strong>18,027</strong></td>
<td><strong>12.0</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total employment L.A. County</strong></td>
<td><strong>4,043,854</strong></td>
<td><strong>358,618</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Although data provided by Quarterly Census of Employment and Wages cover most of the economic activity, a number of creative actors are not recorded. In order to get an impression of the amount of self-employed individuals in the creative industries, data of Nonemployer Statistics are added. Unfortunately, data have not been available for

143 Directory and mailing list publishers (511140), motion picture & video exhibition (512130), and Advertising Material Distribution Services (541870) are excluded as the sectors are not part of the production of products of an aesthetical and symbolic value.

144 Workers are not recorded that are not covered by unemployment insurance which is subject to self-employed workers, employees of private households, railroad employees, agricultural production employees, and most government employees (U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2006)

145 Definition Nonemployer:
A nonemployer business is one that has no paid employees, has annual business receipts of $1,000 or more ($1 or more in the construction industries), and is subject to federal income taxes. (U.S. Census Bureau, EPCD, Nonemployer Statistics, 2006)
2004 and for every five-digit NAICS code, and thus do not give a completely accurate picture. Table 6.2 indicates that the creative industries are characterized by a large share of self-employed professionals.

Table 6.2: Self-employed workers in creative industries in Los Angeles County in 2003

<table>
<thead>
<tr>
<th>NAICS</th>
<th>Industry</th>
<th>Establishments</th>
</tr>
</thead>
<tbody>
<tr>
<td>511</td>
<td>Publishing industries (except Internet)</td>
<td>2,594</td>
</tr>
<tr>
<td>5121</td>
<td>Motion picture and video industries</td>
<td>11,867</td>
</tr>
<tr>
<td>5122</td>
<td>Sound recording industries</td>
<td>2,176</td>
</tr>
<tr>
<td>515</td>
<td>Broadcasting (except Internet)</td>
<td>914</td>
</tr>
<tr>
<td>5413</td>
<td>Architectural services</td>
<td>3,862</td>
</tr>
<tr>
<td>5414</td>
<td>Specialized design services</td>
<td>9,490</td>
</tr>
<tr>
<td>5418</td>
<td>Advertising and related services</td>
<td>5,853</td>
</tr>
<tr>
<td>54192</td>
<td>Photographic services</td>
<td>4,076</td>
</tr>
<tr>
<td>7111</td>
<td>Performing arts companies</td>
<td>2,205</td>
</tr>
<tr>
<td>7115</td>
<td>Independent artists, writers, and performers</td>
<td>47,132</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90,169</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, EPCD, Nonemployer Statistics, 2006

More than 90,000 self-employed businesses have been accounted in 2003 which would add up to over 300,000 persons working in the creative industries in Los Angeles. The large proportion of self-employed workers underlines the relatively small average size of establishments in creative industries. Though, large establishments exist, too. Scott argues that the size of establishments becomes even smaller over time.146

The majority of the creative industries have relatively grown in the last 15 years. Although, inter-temporal comparisons of employment data are critical due to reasons mentioned earlier, the State of California, Employment Development Department provides a time series of employment data from 1990 through 2005 (Figures 6.1 and 6.2).147

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147 In some cases data do not give accurate information of the employment in specific creative industries as data by industry are not available on a five-digit level of NAICS for a more exact differentiation. For instance, the motion picture and sound recording industries are combined while some other classifications comprise of activities that have not been included in the definition of creative industries (e.g. 5413 Architectural, Engineering and Related Services; 7110 Performing Arts, Spectator Sports, and Related Industries)
Figure 6.1: Employment creative industries in Los Angeles County, 1990-2005, *Source of data: State of California, Employment Development Department, Labor Market Info, 2006*

Figure 6.2 shows the relative growth of employment in creative industries in Los Angeles between 1990 and 2005 (+ 13%), although creative industries experienced
some losses in employment in the early 1990s. In contrast, total employment in Los Angeles has even diminished from 1990 through 2005 (-3%).

The growth of the creative industries has been particularly marked by the strong growth of employment in motion picture and sound recording industries (+34%), although they have experienced periods of decline as well. Possible reasons might have been the increasing run-away production to other parts of the world. Also, specialized design industries have undergone a constantly, vigorous growth since 1990 (+35%).

Despite temporary declines in particular in the early 1990s, employment in broadcasting industries has also increased since 1990 (+4.7%). The number of independents artists, writers and performers has grown, too (+10.6%), although the strong growth between 1996 and 2002 could not be sustained until 2005. Performing arts industries have shown little growth (+2.7%), whereas employment in advertising has slightly decreased (-2.9%). The employment of architecture industries has suffered a major decline in the 1990s, but has almost regained its strength since the late 1990s (-0.9%). Strikingly, the publishing sector has experienced a significant loss of employment between 1990 and 2005 (-35.2%). The extensive growth of digital media could be taken into account as a major cause of the decrease.

6.2 Mapping creative industries in Los Angeles

Characterized by large numbers of small specialized firms, the creative industries are geographically unequally distributed and form distinctive agglomerations within the metropolitan area of Los Angeles. A GIS analysis using data provided by County Business Patterns (CBP) and Reference USA about the location of establishments in creative industries in the Los Angeles region stresses this argument.

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148 County Business Patterns is provided by the U.S. Census Bureau. It is an annual series that provides subnational economic data by industry. County Business Patterns exclude self-employed individuals, employees of private households, railroad employees, agricultural production employees, and most government employees (County Business Patterns, 2006).

149 Reference USA is an Internet-based reference service that contains detailed information on more than 13 million U.S. businesses. Information is compiled from various phone and business directories, annual reports, and other sources. However, the displayed maps are more likely to give an illustrating impression than a complete picture as not all businesses are recorded in the database (Reference USA, 2006).

150 Esri ArcGIS 9 ArcMap 9.1 has been used to conduct the GIS analysis. The analysis is based on the definition of creative industries laid out in chapter 4.2 (see Table Appendix 10.1). County Business Patterns (CBP) provides data of the number of establishments (excluding self-employed professionals) on the scale of zip code areas by industry for the year of 2003. Data from the database Reference USA provides street address information of businesses based on NAICS codes for
The creative industries strongly concentrate in particular locations in Los Angeles. Figure 6.3 depicts that the large majority of the creative industries agglomerate in the Western part of Los Angeles, the region where the largest sector of the creative industries in Los Angeles, the motion picture and video industries is concentrated.

![Geographical distribution of creative industries in Los Angeles](image)

**Figure 6.3:** Geographical distribution of creative industries in Los Angeles in 2003 (Total number of establishments by zip code) *(Source of data: County Business Patterns, 2005)*

It appears that motion picture and video industries are located in a single concentration stretching from Hollywood and Wilshire, through West Hollywood, Beverly Hills and the Brentwood area, past West L.A. and Culver City to Santa Monica. The area also stretches further north to the San Fernando Valley. In this region, large numbers of establishments are asserted in Encino, Burbank, Sherman Oaks, and Studio City (along Ventura Boulevard) (Figures 6.4). The other sectors of the entertainment industries (sound recording, broadcasting) are also predominantly located in the same agglomeration (Figures 6.5 and 6.6). Publishing industries, advertising services and

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2006. The numbers of establishments recorded by *Reference USA* are lower than the combined numbers of establishments and self-employed businesses that have been officially recorded by *Quarterly Census of Employment and Wages* and *Nonemployer Statistics* shown in Tables 6.1 and 6.2.
performing arts industries also primarily agglomerate in these areas (Figures 6.7, 6.8 and 6.9). In contrast, architectural services, specialized design industries, and photographic services are spatially more dispersed. While these sectors also agglomerate along the stretch from Hollywood along Wilshire to Santa Monica and in parts of the San Fernando Valley, they also concentrate in Los Angeles Downtown and Pasadena (Figures 6.10, 6.11 and 6.12). Pasadena and Los Angeles, in contrast, constitute only minor agglomerations of the other creative sectors. Interestingly, the individual creative sectors of the creative industries show marginal differences in their relative spatial concentration. Some appear to be more strongly concentrated in few places (e.g. motion picture and video, sound recording, broadcasting, and publishing industries), while others tend to be slightly more dispersed throughout the region (e.g. architectural and specialized design services).
Figure 6.4a: Geographical distribution of motion picture and video industries in Los Angeles in 2003 (Number of establishments by zip code) (Source of data: County Business Patterns, 2005)

Figure 6.4b: Geographical distribution of motion picture and video industries in Los Angeles (Source of data: Reference USA, 2006)
Figure 6.5a: Geographical distribution of sound recording industries in Los Angeles in 2003 (Number of establishments by zip code) (Source of data: County Business Patterns, 2005)

Figure 6.5b: Geographical distribution of sound recording industries in Los Angeles (Source of data: Reference USA, 2006)
Figure 6.6a: Geographical distribution of broadcasting industries in Los Angeles in 2003 (Number of establishments by zip code) (Source of data: County Business Patterns, 2005)

Figure 6.6b: Geographical distribution of broadcasting industries in Los Angeles (Source of data: Reference USA, 2006)
Figure 6.7a: Geographical distribution of publishing industries in Los Angeles in 2003 (Number of establishments by zip code) (Source of data: County Business Patterns, 2005)

Figure 6.7b: Geographical distribution of publishing industries in Los Angeles (Source of data: Reference USA, 2006)
Figure 6.8a: Geographical distribution of advertising industries in Los Angeles in 2003 (Number of establishments by zip code) (*Source of data: County Business Patterns, 2005*).

Figure 6.8b: Geographical distribution of advertising services in Los Angeles (*Source of data: Reference USA, 2006*).
Figure 6.9a: Geographical distribution of performing arts industries in Los Angeles in 2003 (Number of establishments by zip code) (Source of data: County Business Patterns, 2005)

Figure 6.9b: Geographical distribution of performing arts industries in Los Angeles (Source of data: Reference USA, 2006)
**Figure 6.10a:** Geographical distribution of architectural services in Los Angeles in 2003 (Number of establishments by zip code) (Source of data: County Business Patterns, 2005)

**Figure 6.10b:** Geographical distribution of architectural services in Los Angeles (Source of data: Reference USA, 2006)
Figure 6.11a: Geographical distribution of specialized design services in Los Angeles in 2003 (Number of establishments by zip code) (Source of data: County Business Patterns, 2005)

Figure 6.11b: Geographical distribution of specialized design services in Los Angeles (Source of data: Reference USA, 2006)
Figure 6.12a: Geographical distribution of photographic services in Los Angeles in 2003 (Number of establishments by zip code) (Source of data: County Business Patterns, 2005)

Figure 6.12b: Geographical distribution of photographic services in Los Angeles (Source of data: Reference USA, 2006)
Data provided by *County Business Patterns* for 2003 and *Reference USA* for 2006 reveal coherently a strong overlapping pattern of geographic concentration of the different creative sectors. If relevant zip code areas were contiguous, a single large concentration of all creative sectors could be identified stretching over a distance of more than 18 kilometers from Hollywood and West Hollywood through Beverly Hills and the Wilshire area past West L.A. to Santa Monica and Venice. Additional larger agglomerations exist in the San Fernando Valley, primarily in Burbank, Studio City, North Hollywood, Sherman Oaks, and Encino north of Hollywood. Subsidiary concentrations of creative industries are identified in Los Angeles Downtown, Pasadena and other communities of Los Angeles adjacent to those already mentioned.

### 6.3 Summary: Geography of creative industries in Los Angeles

The GIS analysis shows a strong spatial concentration of creative industries in Los Angeles. The identification of the major geographic agglomeration stretching from Hollywood to Santa Monica as well as in other particular communities in the San Fernando Valley and Los Angeles largely corresponds with findings of *Scott* and the *LAEDC*.\(^{151}\)

Further analysis reveals that the geographic distribution of creative industries in Los Angeles strongly corresponds with general spatial patterns of economic activity and job concentration in Los Angeles. The communities mapped out as locations of major agglomerations of creative industries largely cohere with well-recognized business areas in Los Angeles. Los Angeles Downtown, the Beverly Hills - Century City - West Hollywood region, Hollywood, the Westwood–West Los Angeles area, Santa Monica, the Burbank–Studio City region, and Glendale and Pasadena are also identified by *Forstall* and *Greene* as some of the most important areas of high concentration of employment in Los Angeles. In contrast, several other parts of the Los Angeles region are almost entirely blank of businesses in creative industries. In South Los Angeles and Southeast Los Angeles, there are relatively few establishments working in creative industries. Multiple communities in the eastern part of Los Angeles suffer the same

situation. These areas are predominantly industrial areas or are partly characterized by weak economic activity in general.\textsuperscript{152}

Regarding the geographic concentration of creative industries in Los Angeles, it can be observed that agglomerations of the individual creative sectors strongly overlap. The entire spectrum of creative industries concentrates in the stretch of more than 18 kilometers from Hollywood to Santa Monica as well as in Pasadena, Los Angeles Downtown and particular communities in the San Fernando Valley. Most patterns of spatial concentration of particular creative industries especially coincide with that of the entertainment industries in Los Angeles.

Hence, it may be assumed that the patterns of co-location of the different creative sectors have much to do with their functional inter-relations. Intra-sectoral and inter-sectoral inter-relations seem to be very likely in the overlapping spatial agglomeration of creative sectors.

The identification of spatial agglomerations of creative industries in Los Angeles, however, does not constitute a qualitative cluster analysis. Rather, it contributes a spatial dimension to the assessment of a functional cluster.\textsuperscript{153} Further investigation is necessary to assess the qualitative dimension of the spatial concentration of creative industries in Los Angeles. An analysis of the qualitative dimension of inter-firm relations and other aspects associated with spatial concentration of specialized firms is offered in chapter 8 when results of a case study in the creative design industries will be discussed.

\textsuperscript{152} Forstall / Greene (1997) pp.721-723.
7. Design industries in Los Angeles – an empirical approach

The large agglomeration stretching roughly from Santa Monica in the West past Hollywood and Los Angeles Downtown to Pasadena in addition to multiple parts in the San Fernando Valley (e.g. Burbank, Studio City, and Encino) constitutes an extraordinary phenomenon compared to often smaller agglomerations in other major cities (e.g. London-Soho). As a further step evaluating the process of spatial concentration of creative industries in Los Angeles, an explorative case study has been conducted in selected locations that are part of the spacious agglomeration of creative industries in Los Angeles.

The empirical research aims to reveal the significance and qualitative dimension of spatial clustering of firms in design industries. The overlapping pattern of spatial agglomeration of creative industries in Los Angeles suggests a high probability of inter-sectoral and intra-sectoral inter-relations. The case study examines relevant location factors\(^{154}\) of design industries and the functional dimension of inter-firm relations in order to determine the qualitative dimension of the agglomeration. The concepts discussed in chapter 3 help to classify the qualitative dimension. The case study also tries to link both: the spatial dimension of the firm’s location and the spacious geographic agglomeration of creative industries in Los Angeles.

7.1 Creative design services

In order to assess the qualitative dimension of agglomerations of creative industries in Los Angeles, empirical research has been conducted in a particular sector of the creative industries, the sector of creative design industries.

Los Angeles as the center of the entertainment industry in the United States is also an important location of creative design industries. Almost 30,000 workers are employed in the sector.\(^{155}\) Molotch stresses that Los Angeles design can be felt across products of all sorts. Some even think of Los Angeles as the capital of new design, part California, and part Japanese. Design industries in Los Angeles strongly benefit from the presence of the entertainment industry. It serves as a client, collaborator and source of inspiration

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\(^{154}\) In the literature, it is distinguished between ‘soft’ and ‘hard’ location factors. ‘Hard’ location factors directly affect the firm’s costs (e.g. rent). In contrast, ‘soft’ location factors are not financially measurable (e.g. quality of life) (Kulke (2004) p.35).

\(^{155}\) Refer to chapter 6.1 (incl. self-employed professionals).
at the same time. Design industries also benefit from its global imagery of Los Angeles as a place. Creative design services include specialized design industries (interior design, industrial design, graphic design, and other specialized design services such as fashion, furniture, and jewelry design) and architectural services (architecture, landscape architecture). Growth of these services has attracted scholarly attention on the geographical dimension of design services. Studies carried out by Hutton and Molotch on design services in Vancouver and Los Angeles, respectively, are some of the examples. 

Hutton emphasizes that design industries are largely involved in the production of outputs of cultural forms and meanings. They drive stylistic innovation and generate cultural attributes and expressions that are deployed in the production of distinctive goods, services, and symbols. Furthermore, their production roles are multi-faceted as applied design services are implicated in various production processes. Their primary role of production is interpreted compassing the design of culture (identity, style, and image), landscape (with the city as text for new design languages and forms), and consumer goods.

Applied design services are central to the rapid growth of creative industries. They generate propulsive effects within advanced economies and are key elements of a production system characterized by flexible specialization. Design industries are important features of the metropolitan economy in global centers of cultural, media, and entertainment production and distribution, with Los Angeles being one of the most prominent examples. Many applied design services are part of the creative production web. They provide specialized inputs to different sub-sectors of creative industries and other industries outside the creative industries. This strengthens their status as a significant intermediate services subdivision.

Design services are highly specialized, transaction-intensive, information-based activities, and share other attributes of high-order producer services. Hutton finds that they tend to concentrate within the metropolitan core, but are typically clustered on the fringe of the Central Business District (CBD) and inner city. Exemplified in the case of Vancouver, the concentration of design firms in distinct parts of the inner city is

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157 Hutton (2000); Molotch (1996)
158 Motion picture production, advertising, publishing, manufacturing, financial services etc.
characterized by agglomerative linkages and the formation of formal and informal networks of production and exchange facilitating collaborative interaction. The spatial concentration also offers greater visibility and convenient access for potential clients.\textsuperscript{160} The following case study will show what kind of qualitative dimension can be assessed for the spatial agglomeration of design industries in Los Angeles.

### 7.2 Case study areas

In chapter 6.2, the geographic distribution of specialized design and architecture firms in Los Angeles has been depicted. Creative design firms are predominantly concentrated in an area expanding from Pasadena through Los Angeles Downtown past Hollywood and adjacent communities, through West Hollywood and West L.A. to Santa Monica and Venice in the western part of Los Angeles. Considerable spatial concentration also occurs in some communities in the San Fernando Valley (e.g. Glendale, Burbank, and Studio City) and in the ‘Beach cities’ south of LAX (e.g. Manhattan Beach and Redondo Beach).

In this case study, design businesses were interviewed in three distinct “creative communities”\textsuperscript{161}: Silver Lake, Echo Park and the Brewery Art Complex. The communities of Silver Lake and Echo Park as well as the Brewery Art Complex qualify as locations of the case study for several reasons. All three locations are located within the major agglomeration of creative industries stretching from Pasadena through Hollywood to Santa Monica. They are centrally situated between Hollywood in the West, Burbank and Glendale in the North, Pasadena in the East, and Los Angeles Downtown as well as the Wilshire district in the South.

\textsuperscript{161} For this purpose, creative communities are defined as neighborhoods and communities of Los Angeles County that show a spatial concentration of creative industries. Silver Lake, Echo Park, and the Brewery are considered as creative communities. The term is used to distinguish between the immediate firm’s location and the spacious agglomeration of creative industries in Los Angeles in general.
Figure 7.1: The case study areas in Los Angeles: Silver Lake, Echo Park, and the Brewery Arts Complex, Sources of data: Own survey and Reference USA, 2006

Figure 7.1 shows that a significant number of establishments of creative industries, and, in particular, creative design industries are located in the selected areas. Most significantly, the locations are also characterized by a wide mix of creative industries which qualifies them for a detailed analysis of functional linkages between firms working in different creative fields. A brief description of the case study areas is laid out below.

Silver Lake is a historic neighborhood of the City of Los Angeles. The community is situated between Hollywood in the West, Echo Park in the East and downtown Los Angeles and the Wilshire district in the South. The neighborhood is a predominantly residential area with a large Latino population and a fairly large Asian community. Silver Lake has gained a nationwide reputation as the ‘West Williamsburg’, referring to the famous artists’ neighborhood in Brooklyn, New York City. Today, Silver Lake, in the heart of Los Angeles’ entertainment industry, is home to the next generation of

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162 Demographic statistics of the 2000 Census are compiled on the basis of the Community Plan level. There, the neighborhoods of Silver Lake and Echo Park are combined. The consolidated area has a total population of about 77,000 residents. The Latino community is the largest group (55%) followed by White non-Hispanics (21%), and Asians (20%), whereas African-Americans are well under-represented (2 %) compared to the city’s average share (11 %) (City of Los Angeles Department of City Planning / Demographics Research Unit, June 2005)
creative professionals and businesses, dozens of designers, architects, film and video makers, actors, and musicians among them.\textsuperscript{163}

The neighborhood of Echo Park is one of the oldest and ethnically most diverse communities of the City of Los Angeles.\textsuperscript{164} It is a predominantly residential area located just northwest of Los Angeles Downtown, east of Silver Lake and south of Glendale. Echo Park is a predominantly Latino neighborhood with large groups of Asian and white American population.\textsuperscript{165} In the recent past, the former working-class neighborhood has undergone a rapid revitalization process.\textsuperscript{166} Priced out of other Los Angeles communities waves of pioneering artists and young urbanites have moved to Echo Park in the last three or four years and have changed the neighborhood to a more upscale community.\textsuperscript{167} Today, Echo Park hosts large numbers of independent art galleries, designer stores, and primarily small creative businesses.

The Brewery Arts Complex is a 22-building complex on 23 acres in the neighborhood of Lincoln Heights between Los Angeles Downtown and Pasadena.\textsuperscript{168} The Brewery Arts Complex is situated between the Los Angeles River and the Golden State Freeway with links to other transport routes (Highway 110 and San Bernardino Freeway). The neighborhood of Lincoln Heights is predominantly residential with a large working-class Latino population.\textsuperscript{169} The abandoned structures of the former Eastside and Pabst Blue Ribbon Breweries and one of Los Angeles’ first power plants became an excellent example of adaptive reuse of formerly industrial architecture.\textsuperscript{170} Today, more than 500 artists and creative professionals live and/or work in more than 300 lofts and studios. Businesses work in all kind of creative fields including design, motion picture production, photography, and architecture.\textsuperscript{171}

\textsuperscript{163} Silver Lake Film Festival (2005)
\textsuperscript{165} See footnote 171.
\textsuperscript{166} Beiser (2002): Los Angeles Times, Nov. 3.
\textsuperscript{168} See map in Appendix 10.2.
\textsuperscript{169} As for the 2000 Census, the total population was about 29,000 people from which almost 72% are Latino, 23.7% are Asian, 2.72% White, less than 1% African American and 1.1% Pacific Islanders. (Los Angeles Almanac (2005))
\textsuperscript{170} In 1982, the City of Los Angeles passed the law legalizing and establishing standards for artist live-work studios in industrial zones. Thus, by city regulation only bona fide artists could live there.
\textsuperscript{171} The Brewery Art Colony, Los Angeles (2005)
7.3 Methodology

The analysis which follows is based on an explorative, qualitative case study. The qualitative case study method was selected because it provides rich information for a detailed analysis of creative firms’ behavior and of the dimension of inter-firm relations in spatial agglomerations. In this case study, a large number of professionals in executive positions (owners and co-partners) and self-employed professionals working in the creative field of design were interviewed. There, information about business characteristics, the significance of being located in an agglomeration of creative industries, and characteristics of inter-firm interaction were collected.

Interviews differ in their degree of standardization: standardized, semi-standardized and non-standardized interviews. For this case study, the semi-standardized interview was used. This empirical method of research collection allows the inclusion of all subject areas. The semi-standardized interview guide also provides sufficient opportunities and space for additional adjustments and more detailed inquiries during the interview process. Results obtained during the interview can easily be incorporated in the ongoing interview.172

On the one hand, the interview guide consists of a standardized part comprising standardized matrixes and questions. On the other hand, parts of the interview guide are composed of explicitly open qualitative questions that intend to specify standardized answers and to unfold individual opinions of the interview partners. Some questions are very generally formulated to assess what criteria are spontaneously related as positive or negative.

The interview method was employed in this research by primarily using face-to-face dialogues and phone interviews. Questionnaires were sent out by email when necessary.173 In this case, a questionnaire representing the ideal course of the interview was sent to the interviewees who have filled in the prepared form fields and made additional comments when applicable.174 Although the use of questionnaires is associated with some problems, it expanded the number of potential firms in the case study.

173 Problems of the field research (refer to chapter 7.6)
174 When the interviewees did not return the completed questionnaire after a couple of weeks, reminders to return the survey had been sent out. The response rate of the questionnaire was relatively satisfying.
The option of a complete email survey was dismissed because several other empirical studies of producer service companies have shown a low response rate. *Strambach* points out that firms in high-order producer services are very cautious about the disclosure of strategic information, in particular concerning collaboration and clientele. These concerns can be better dealt with in face-to-face interviews.\(^{175}\) Also, the length of the interview guide and the qualitative intention of the case study made face-to-face and phone interviews more plausible. Before the actual interviews, the draft of the interview guide underwent a pre-test.\(^{176}\) The face-to-face and phone interviews were recorded following the approval of the interviewees.\(^{177}\) Later, only the relevant information that directly related to the interview questions were transcribed.

### 7.4 The interview guide

The interview guide\(^ {178}\) is divided into four sections. The introductory section aims to characterize the interviewed businesses (e.g. type of work, size of company in terms of employment, education). It is also designed to elicit information about the firms’ clientele (industry and location) in order to examine the firms’ role as intermediate services in the regional entertainment and creative economy.

The purpose of the second section is to investigate important aspects of the firms’ location. A standardized matrix examining the significance of certain location factors of the business’ current location constitutes the centerpiece. The matrix comprises 18 location factors which the interviewees were asked to evaluate as either ‘very important’, ‘somewhat important’, or ‘not important’. The selected location factors represent common location criteria of producer services. They are compiled based on previously described theoretical concepts of spatial concentration of economic activity (e.g. proximity to suppliers, clients, complementary businesses, education institutions; see chapter 3) and other relevant literature about the geographical dimension of service industries.\(^ {179}\) This matrix offers homogenous and comparable quantitative data which

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\(^{175}\) *Strambach* (1995) p.116  
\(^{177}\) Face-to-face interviews were recorded using a tape recorder, whereas phone interviews were realized and recorded through the Internet and specific computer software (Skype, Hotrecorder). All interviewees approved the request that the interviews are recorded.  
\(^{178}\) See Appendix 10.3.3  
provides a sound basis for the assessment of spatial concentration of design industries. The results of the matrix are critical for the examination of factors and mechanisms responsible for the spatial concentration of design industries in Los Angeles. The investigation of relevant location factors is complemented by a qualitative assessment of the value of the firms’ location for the production process. The next question intends to determine the significance of being located in Los Angeles generally, in order to link the implications of both spatial dimensions: the firm’s location and the large geographic agglomeration of creative industries in Los Angeles in general.

Section three of the interview guide continues investigating important aspects of the agglomeration process. It intends to determine the significance and critical characteristics of interactive and collaborative relations between creative businesses. The description of the firms’ creative network helps to examine the dimension of inter-firm linkages within and across creative fields. The importance of co-location and other criteria affecting collaborative activities is elaborated using standardized matrixes which are complemented by additional remarks.

The final section tries to map out the distinct perception of the firm’s location compared to other locations. It questions whether the design businesses explicitly use the visibility and high profile associated with the location to gain a competitive advantage.

7.5 The interview process

The empirical research was conducted in six weeks of November and December in 2005 during a research visit at the University of California, Irvine near Los Angeles. Based on industry directories, local institutions such as the Chamber of Commerce of Silver Lake and Echo Park, and most importantly personal referrals of interviewees, design firms in the case study areas were identified. Altogether, almost 50% of the interviewed businesses were based on referrals of other previously interviewed businesses, whereas the recruiting of creative design firms based on business

\[\text{180} \] Three questionnaires sent out by email were received in January 2006.
\[\text{181} \] e.g. Reference USA, http://www.core77.com/.
\[\text{182} \] Moreover, in case of design firms at the Brewery Arts Complex, the website of the Brewery Art Colony and of the Brewery Art Walk were really useful in providing contact information of local design firms (www.thebrewery.net, http://www.breweryartwalk.com).
directories was only partly successful. Overall, about 80 creative design firms were contacted. First, all businesses were approached by email explaining the research project and the purpose of the interview. A letter of reference of the Department of Planning, Policy, and Design at the University of California, Irvine (UCI) was attached which added credibility and formality to the interview request. In the letter, it was assured that the interviews and related data are treated in the strictest of confidence and anonymity. Finally, 36 design service businesses located in the three different areas of Los Angeles were successfully interviewed. The case study used face-to-face and phone interviews (44.4% and 33.3%) which took approximately 30 to 45 minutes and, in exceptional cases, up to two hours. Approximately one fifth of the interviews were completed using the questionnaire.

7.6 Problems of the field research
Most businesses in design industries are freelance workers and SMEs and often work under heavy time pressure. This deteriorates the motivation to participate in an interview survey. The cautiousness about the disclosure of important strategic information was another aspect that complicated the recruiting of interview partners. Due to busy work schedules of interviewees, some interviews could only be realized by using the questionnaire. Unsurprisingly, remarks to open questions were not as detailed as those in face-to-face and phone interviews. Therefore, the results of these questions are not as meaningful. Nonetheless, using the questionnaires added more firms to the case study and more quantitative data. Almost all questions of the interview guide were completed satisfactorily. Only question 17 in section three of the interview guide was not completed by six interviewed businesses. This, however, constituted only a small fraction of the total number of interviewed businesses.

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183 See Appendix 10.3.1 & 10.3.2
184 See Appendix 10.3.4
8. Spatial concentration of creative industries: Evaluation case study

The explorative case study in the distinct creative communities Silver Lake, Echo Park and the Brewery aims to contribute important aspects to the explanation of geographic concentration of design industries in Los Angeles. The case study is not a representative survey. Nevertheless, it gives a detailed picture about processes on the single-firm level within the large agglomeration of creative industries in Los Angeles. The assessment of location factors and the value of the location intend to give further cognitions about the functional dimension of the overlapping spatial agglomeration of creative industries. Furthermore, emphasis is put on the spatial dimension of horizontal inter-firm linkages of design service businesses.

8.1 Business profiles and clientele

The case study examines 36 design firms and self-employed professionals of which 13 businesses are located in Silver Lake (36%), nine in Echo Park (25%) and 14 at the Brewery (39%) (Figure 8.1).

![Interviewed businesses by location](image)

*Figure 8.1: Interviewed businesses by location*

The majority of these businesses (47.2%) have located at their current location between 1998 and 2001, 36.1% has settled there from 2002 through 2005, and the remaining 16.7% have located their business there before 1990 through 1997.
Interestingly, the year of location often corresponds to the time period of the communities’ developments (see Figure 8.2). The Brewery Art complex that opened in 1982 began attracting large numbers of artists and creative professionals in the late 1980s, whereas Silver Lake experienced its peak of development in the late 1990s. Echo Park has just recently become an up-and-coming community. For 38.9% of the interviewees it is the first location of their business, whereas the majority had mostly been located in other parts of the Los Angeles region before.

Figure 8.3 illustrates the classification of the interviewed businesses by industry related to the definition of creative design services laid out in chapter 7.1. The case study comprises firms and self-employed workers working in graphic design, fashion design, industrial design, architecture, and other specialized design services (e.g. production design).
Nonetheless, the classification by industry only represents the primary expertise, but not the complete spectrum of expertise of the interviewed design businesses. Most interviewed businesses work across different design fields, especially those that predominantly work in the field of graphic design. As discussed in chapter 5.5, the boundaries between creative sectors are rather blurry, and different creative sectors are strongly intertwined.\(^{185}\)

![Design activities by location](image)

**Figure 8.4:** Interviewed businesses by location and by industry

The majority of interviewed businesses primarily work in the field of graphic design. They also constitute the largest number of interviewed businesses in each of the three locations (Figure 8.4).

Most interviewed businesses are self-employed professionals (75%). Thus, a large share of companies in this survey is characterized by a very small size of employment. In fact, 15 businesses are ‘one-man-shows’ or have 2 to 3 people working in the company. Four companies have between 4 and 5 employees and only two companies employ more than 5 persons (Figure 8.5). This strongly coheres with the small average size of employment of companies and the large number of self-employed workers in the sector of specialized design and in creative industries in general, as shown in chapter 6.1.

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\(^{185}\) “Design is about problem-solving. We tell stories. We do print design, packaging, consumer products, and motion design. We do more than just one thing.” (Interview BR 03)

“I’m an installation and fountain designer. I also do prop design for motion picture productions.” (Interview SL 07)
Interviewed businesses by size of employment

n=36

![Chart showing size of employment distribution](chart.png)

Figure 8.5: Size of employment of interviewed businesses

The size of staff, however, often varies depending on the actual project and workload. Multiple interviewees explicitly argue that they hire freelancers or collaborate with other companies to build teams that match skills required for individual projects. Other firms, in particular self-employed professionals, are hired regularly to join specific projects. Thus, employment typically varies related to project-based work organization.186

Creative industries and in particular design industries are described as intermediate services in post-Fordist economies characterized by flexible specialization. They offer critical services within the complex production system of creative industries.187 In Los Angeles, the entertainment industry and other creative industries determine a large share of the clientele of design services (see Figure 8.6). A large amount of the interviewed businesses name the entertainment industry and other creative industries such as advertising, fashion, publishing and photography as their primary clientele. Also, other industries outside the creative industries and private clients are critical.188

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186 “We make bids for projects and try to find the best people to build a team. When the project is done, everybody dissipates.” (Interview BR 03)
188 33.3% of the interviewed businesses declare that their clientele largely includes businesses in the entertainment industry, 16.7% name other creative industries and 50.0% industries outside the creative industries as their most important clients.
 Clients of the interviewed businesses are predominantly located in the Los Angeles region and Southern California (69.4%). Only some interviewees indicate that their clients primarily reside in other parts of the United States of America (e.g. New York City) or worldwide.\footnote{69.4\% argue that their clientele is largely located in L.A. and Southern California, 16.7\% in the U.S. outside California, and 13.9\% predominantly international. Some businesses with clients largely in the entertainment industry even claim New York City as the primary location of their clientele.} This highlights the importance of Los Angeles and Southern California as a regional market, but also emphasizes that spatial proximity is not a necessary condition of supply – demand relations.\footnote{Strambach argues that specialized knowledge-intensive services tend to work on the local as well as on the supra-regional level. Spatial proximity only explains partly the geographic scope of customer relations (Strambach (1995) pp168-169).}

8.2 Location factors of design businesses

The quantitative assessment of location factors represents the centerpiece of the analysis of spatial concentration of design industries in certain creative communities. It should be noted however, that it remains unclear to what extent the location decision is based on rational economic considerations. The large amount of home offices suggests that location decisions of design businesses are strongly affected by both, personal and economic reasons.

Figure 8.7 depicts the results of the matrix comprising 18 location factors.\footnote{The percentage quotation in the text represents the number of interviewees that rated the specific location factor as ‘very important’.} Unsurprisingly, low rents and the availability of space are two very important concerns for the selection of the location. Especially small companies, freelancers and businesses
at the beginning of their career are most likely to work in a volatile economic environment and seek to reduce fixed costs. The level of rent in the three selected locations is still lower than in other prominent parts of Los Angeles (e.g. Santa Monica, Hollywood). Companies and freelancers that have already established a reputation in their field are less likely to be concerned about the rent level due to their relatively stable clientele.

**Figure 8.7:** Location factors in the selected locations

Furthermore, the majority of interviewees consider the proximity to the place of their residence as one of the most important factors of the location decision. This combination of private and business preferences is reflected in the large number of home offices (66.6%). This may either be a consequence of financial distress often suffered by small businesses and freelancers, or a question of convenience as loft spaces such as those at the Brewery Arts Complex as well as studios and single-family homes prevalent in Silver Lake and Echo Park provide good opportunities to work from.
home. Moreover, telecommunication technologies and the nature of work allow most design businesses to be conducted from any location.

Of the selected businesses, there is a general consensus that the creative and social atmosphere is the most important location factor (86.1%). This is further stressed by the high significance of proximity to other businesses in creative industries (75.0%). In contrast, the spatial proximity to collaborators is only of relative importance (47.2%). Similarly, the interview partners consider the aspect of being part of a local network as relatively important (47.2%). Other businesses and professionals in the creative communities are only occasionally sources of valuable information about industry news and job opportunities.

Also, the geographic proximity to suppliers, manufacturers, clients, the audience and educational institutions are only important to some interviewed businesses. About one third of the interviewees consider these factors as very important. As illustrated in chapter 8.1, some businesses conduct business primarily with clients outside California. The majority of clients of the interviewed businesses, however, are located in the Los Angeles region in general. Clients are predominantly scattered throughout Los Angeles and spatial proximity is not of a concern. Also, only 41.7% consider the local infrastructure of the creative communities as a very important aspect. Other aspects, such as the local traffic situation and access to transport links, available parking, and the safety of the community are essential, but only relatively important to the Los Angeles business community.\footnote{47.2\% rate the access to transport links and local traffic situation as very important, 27.8\% as somewhat important, and 25\% as not important. Safety and the parking situation are considered as very important location factors by 38.9\% and 63.9\%, respectively.}

Multiple interview partners stress that Silver Lake, Echo Park, and the Brewery offer great accessibility to major highways and freeways. Silver Lake and Echo Park are near three highways, while the Brewery is situated between four major transport routes. This facilitates inevitable commutes in an automotive-oriented and sprawled out region such as Los Angeles.

The image of the location also is rather of relative significance to design businesses. For some businesses, the image of the business’ location is very important to generate business (44.4%). Design firms located in communities that are considered as trendy and edgy are more likely to attract certain clients. Often, clients relate the place to the product of the company. Although most interviewees state that they do not use it
explicitly, the image appears to be particularly important factor for clients. The quality of work, however, remains the most important aspect that generates business. Unanimously, personal reasons such as the architectural and natural landscape of the neighborhood and the quality of life are rated as very important location factors (77.8%). Since many businesses work in a combined living/work place, these ratings become obvious. Design businesses want to work in an environment that is appealing to their work and lifestyle. This argument certainly contributes some explanatory value to spatial concentrations of design businesses in scenic and trendy communities such as Santa Monica, Venice, West Hollywood, Los Angeles Downtown, Pasadena, and also in Silver Lake, Echo Park and the Brewery.

The quantitative assessment of location factors shows that rent and the availability of space are essential aspects of the location decision of design businesses. These aspects, however, only partly explain the process of spatial agglomeration of design industries. The creative as well as social atmosphere and proximity to other creative businesses are the most important location factors. This suggests that informal exchange of knowledge and opportunities of continuous monitoring appear to be the most significant aspects that drive the process of spatial clustering and the formation of creative communities. These aspects are considered as more important than the proximity to suppliers, clients, and collaborators, some of the important factors highlighted by the concepts of clusters, industrial districts, and creative milieu.

The quantitative analysis, however, only illustrates the significance of certain location factors and suggests certain assumption, but it does not explain the mechanisms behind them. The theoretical concepts, however, primarily stress the significance of the collective process of creativity based on exchange of knowledge, learning and innovation in spatial agglomerations of economic activity. Thus, a qualitative assessment of advantages of the location intends to provide further information about the quality of functional relations between design businesses.

193 “If I want to sell something, I just tell him, if they ask me, that I live in Echo Park. And I can see it in their eyes that is edgy and what they want. I don’t like to use it and people are tired of it. It makes it more seem like kids live in the ghetto.” (Interview EP 05)
194 “The clients are about the work, not about the location.” (Interview EP 02)
8.3 Creative communities – Learning and exchange of knowledge

Cheap rents and large affordable spaces along with an appealing physical landscape are essential to the design community. The quantitative assessment of location factors also shows a high significance of the proximity to businesses in similar and other creative fields. Although these attributes can only partly explain the complex phenomenon of spatial concentrations of creative industries, it seems that they determine the major elements driving the process. It is the informal exchange of tacit knowledge and collective learning processes that explain spatial clustering of design service businesses. Interactive on-site processes are essential determinants of the businesses’ performance. Especially self-employed workers and small design businesses rely on external sources of knowledge and inspiration, as they do not have other creative talent in-house. One of the interviewees explains: “All of my work comes from social interaction. I have to have a community culture when I work. It's important for me to be around with other creative people.”

The design businesses emphasize the significance of an environment where they feel comfortable to work in and where people gather that may contribute and spark inspiration. Social interaction and the informal exchange of tacit knowledge foster the collective creative work process. The presence of like-minded people and other businesses in creative industries creates a competitive environment which fuels into creative activities and innovation. A graphic designer working in Silver Lake summarizes the value of his business’ location: “It's a nice environment to work in. It's quite, has a nice landscape and nice people. It feels like a community. (...) It's central, but it has a high quality of life. I feel like I can be creative in such an environment because it's a healthy competition which makes you do something and be active You have to be up to date and not become an old page. It's hard work.”

The existence of a variety of creative businesses in creative communities is essential for the majority of design firms, although only a small number of them actually maintain formal relations. Co-location rather creates a certain creative and competitive environment that promotes motivation and innovation. “It's about the space and also about the community. It’s like-minded people that live here. We know

195 Interview BR 12
196 Also the fact that about 50% of the interviews are based on referrals of previously interviewed people shows a high degree of social interaction at these places.
197 Interview SL 13
the people that live here and it's good to have other creative people around. It creates some energy.”

Designers and other professionals in creative industries have got a mutual understanding of their work as they speak the same language. The spatial agglomeration of different creative businesses constitutes a knowledge pool and ‘buzz’ that is continually changing. Assessing and learning from this pool of knowledge requires a local presence. One interview partner emphasizes this argument: “I need to be around people that I can talk about design and what it means, why it is important in the world. I feel I can relate to people and I get to know about what's going on. (...) I hear about it a lot more here, it feeds in talking about art, to have people who know what you're talking about.”

The fact that most businesses are in a similar economic situation provides great opportunities for businesses to take advantage of other businesses’ experiences and accumulated knowledge. This is especially relevant for businesses and professionals at the beginning of their career. Co-location in the same area or even in the same building complex facilitates the exchange of valuable information. “Being artists and businessmen at the same time we have to support each other, because it's hard to do it by yourself. Meeting people here at the Brewery being in the same kind of situation and talking to them is really supportive. It helps to support me as an individual.”

The local presence in ‘creative communities’ facilitates informal and formal learning from the enormous pool of knowledge. Information about new technologies, new trends, available jobs and potential opportunities for collaborative projects are essential for the economic survival of small design businesses working in a volatile economic environment. The diffusion of ideas and local learning processes is generated either through the circulation of talent between firms (e.g. collaboration) or informal meetings and social interaction, e.g. in cafes and restaurants. Informal meetings regularly occur as social life and business are often intertwined which one interviewee describes in the case of the Brewery: “There are some people around here that contribute to our work. There's also the cafe where we can have lunches, and I know a bunch of people here.

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198 Interview BR 01
199 Interview EP 05
200 Interview BR 02
Work and living are tightly integrated and I don’t separate it. (...) I want to be social with them and work with them”\textsuperscript{201}.

Spatial proximity to other design firms and firms working in other creative fields further promotes opportunities of automatic observation and comparison of other businesses’ activities. Learning by comparing and learning by observing are important features of creative communities, as stressed in the local rivalry component of Porter’s diamond.\textsuperscript{202} Local formal and informal inter-firm linkages generate knowledge and creativity that results in a distinctive approach towards competition. Instead of considering them as direct competitors, design businesses rather perceive each other as sources of inspiration and learning (‘healthy competition’). Local competition enhances the firms’ competitiveness by promoting informal learning processes. A fashion designer points out: “You’re among bunch of artists and you can have conversations and solve problems etc.. Being around people who are creative keeps me inspired and motivated”\textsuperscript{203}. Another interviewee recalls occasional exchanges of knowledge with other professionals in the same field: “I also have about three people I work with that live at the Brewery. There are also one to two people that do the same kind of work and we occasionally run into each other and talk about our work or discuss how to figure out stuff”\textsuperscript{204}.

In addition to informal exchange of knowledge and learning, agglomerations of creative businesses are further characterized by horizontal inter-firm linkages. Co-location facilitates collaborative activities among businesses in similar fields and other creative industries. An owner of a graphic design business argues: “Being in a community of like minded individuals, in particular other artists has been extremely beneficial not only socially, but collaboratively”\textsuperscript{205}. The diversity of co-located creative businesses enhances the accessibility to complementary expertise which is essential for the competitiveness of firms in design industries. Design businesses benefit from the diverse set of creative industries in creative communities which feeds them with complementary knowledge and skills. “The Brewery is an engaging location for local artists. That said, in regards to interactive design, I have not had the opportunity to work with anyone (...). I have used other resources, such as jewelry design, screen

\textsuperscript{201} Interview BR 06
\textsuperscript{202} This mechanism of learning is a major aspect of the cluster theory outlined by Bathelt, Maskell and Malmberg (refer to chapter 6.2.1).
\textsuperscript{203} Interview BR 14
\textsuperscript{204} Interview BR 12
\textsuperscript{205} Interview BR 04
printing, and photography." Collaborative relations foster the exchange of tacit knowledge and promote collective learning. ‘Complementary’ collaboration and the rapid availability of specialized services support design firms in their labor processes which requires complex skills and knowledge. Another designer refers to the diversity of creative industries at the Brewery: “Here, I can find other people who do different things which I need for my business. I use photographers, sign makers, and jewelry makers. If the clients need different things, I benefit from the diversity here.” Design businesses and workers appreciate to work in an environment of like-minded people not only socially, but foremost economically. Informal exchange of knowledge and collective learning are the main elements promoting the spatial concentration of design industries in certain creative communities. Local presence is essential to gain access to the local pool of diverse knowledge. Spatial proximity further facilitates collaborative relations that even enhance the notion of creative communities as an informal training ground. Being co-located to other creative businesses is to the best advantage of the competitiveness and economic success of applied design businesses.

8.4 Interaction / collaboration – Quantitative assessment

The theoretical concepts of clusters, industrial districts, and creative milieus, in particular, stress cooperation and collaboration among specialized firms as a major element of spatial concentration of certain industries. Face-to-face contacts promoted by spatial proximity facilitate coordination and the exchange of tacit knowledge. In this case study, interaction between local design firms and other firms in related industries is characterized by a mixture of cooperation and competition, taking place at different geographic scales. The overwhelming majority of design businesses, however, consider interaction and particularly collaboration with design and other creative businesses invaluable for the development of their creative business. Most interviewees state that their creative networks include firms and professionals that work in the same field, but most importantly in other related creative fields. Design firms regularly interact and collaborate with other design businesses, but also photographers, illustrators, advertising agencies and other creative fields contribute to

206 Interview BR 07
207 Interview BR 13
208 83.3% of the interviewed businesses rate interaction with other creative businesses as very important, 11.1% as somewhat important, and 5.6% consider it as not important.
the final outcome. Figure 8.8 illustrates the inter-firm relations across creative fields by summarizing descriptions of the interviewees’ creative networks.

![Sectoral differentiation of creative networks](image)

**Figure 8.8**: Sectoral differentiation of creative networks of design businesses

Creative networks of the interviewed businesses often include professionals and businesses that work in other creative fields. Interaction and collaboration between firms that possess complementary promote spillovers of knowledge and constitute important processes of learning.

Interaction and collaboration among creative actors take place on different geographic scales. Spatial proximity to collaborators, however, is only of relative importance. Rather, collaborative activities are not confined to co-located businesses, but also include other creative businesses and professionals that are located throughout the Los Angeles region, and even beyond. Inter-firm relations of interviewed design firms reflect a complex mixture of local collaboration and non-local collaborative activities. Some design firms’ collaborative networks can be predominantly localized in the

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38.9% of the interviewed businesses’ creative network can be classified as local (i.e., is located in the same location), 47.2% is primarily located throughout Los Angeles, 8.3% outside Los Angeles, and 5.6% made unspecified statements.
creative community. In contrast, numerous interviewees classify their collaborative networks as non-local. These firms predominantly collaborate with businesses throughout the entire Los Angeles region and even across the United States and in other countries.

Rather, the spatial pattern of creative networks reflects the spacious agglomeration of creative industries in Los Angeles. Locations of businesses they collaborate and cooperate with often cohere with other prominent agglomerations of creative industries in Los Angeles (e.g. Venice, Santa Monica and Hollywood). A small number of businesses even almost exclusively collaborate with creative businesses and professionals in other metropolises in the USA (e.g. New York City) and internationally. Still, the large majority of design firms are typically engaged in collaborative networks in the Los Angeles region, although the geographic scale varies. Spatial proximity is not the sole factor determining inter-firm linkages which is emphasized by further analysis of relevant criteria of collaborative activities (Figure 8.9).

![Important criteria of collaborative activities](image)

**Figure 8.9:** Important criteria of collaborative activities

Whereas trust, a personal relationship, and skills are essential criteria for successful collaborations, geographic proximity to collaborators is only of relative importance.\(^\text{210}\)

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\(^{210}\) Storper and Scott also find that a large proportion of jobs are secured through reputation and social networks. It appears that social networks, and thus personal knowledge and credibility have gained
Spatial proximity to collaborators has neither been rated as overwhelmingly important as a location factor nor as a relevant aspect of collaborative activities. Also, previous collaborative experiences and the reputation are perceived as more significant than spatial proximity. In contrast, geographic proximity to collaborators is rather considered convenient than necessary. Although spatial proximity is not an essential criterion for horizontal inter-firm linkages, the spatial agglomeration of creative industries in Los Angeles in general, however, constitutes the main geographic scale of collaborative relations.

8.5 Local and non-local collaborative networks

The analysis of the spatial distribution of creative industries in Los Angeles reveals a strong pattern of over-lapping agglomerations of the particular creative industries. The quantitative analysis, however, reveals that formal inter-firm linkages are not necessarily based on spatial proximity. In this chapter, qualitative statements stress quantitative results of the nature and geographic dimension of inter-firm linkages. Interaction and collaboration are essential for the exchange of knowledge and learning processes. Only, a small fraction of interviewed design businesses shun interaction and collaboration with other design businesses and firms in other creative fields. Other firms are rather regarded as competitors rather than as potential sources of learning or a way to acquire resources external to the firm. A self-employed graphic designer explains: “It's a one-man-show, and I get the necessary stuff through books and magazines. I'm not willing to collaborate, because, to me, it's likely to loose clients to collaborators ('stealing jobs’).”

Nonetheless, most design firms and freelancers appreciate inter-firm interaction and collaboration, in particular, with businesses that possess complementary expertise. Collaborative labor processes are very common in the project-based work environment. Firms that continuously form project ensembles with professionals specialized in different fields take advantage and contribute to the exchange of significance in the vertically disintegrated production system of creative industries (Storper (1989) p.317; Scott (2000) p.12).

211 As a location factor, 42.2% rate proximity to collaborators as very important, 38.9% as somewhat important, and 13.9% as not important. As a specific aspect of collaborative processes among others, only 23.3% consider it as very important, 53.3% as somewhat important, and other 23.3% as not important.
212 Interview EP 02
213 Refer to chapter 3.2.
knowledge. Learning by switching to gain a competitive advantage is an important feature of project-based work organization. The co-owner of a graphic design firm illustrates: “You have to collaborate, because no one person does everything. In the film industry, it’s the same thing. Some people in product design do materials and that’s what they do all day long. (...) I like working with people. If you want to be successful, you have to find people that are smarter and better than you in some thing. You have to have the talent to direct, collect and manage it, to bring them together. I can only do one of these things well, but I need others that are better. (...) It's crucial and essential. It's all about collaborating and finding people that are good in their things”

Collaborative activities foster the firms’ competitiveness through inspiration, cross-pollination and learning (learning by interacting, learning by switching). Interaction in more or less cyclically occurring collaborations and the ability to observe other businesses’ capabilities enables businesses to assess and increase their own competitiveness. One interviewee states: “Interaction and collaboration are also great for competition which makes people thrive to get better and keep busy, and not get lazy”

In particular, the opportunity of gaining access to complementary knowledge and expertise is the major incentive for most designers to collaborate. Collaborators feed each other with tacit knowledge. Collaborators both contribute to and benefit from collective learning processes. Two owners of graphic design firms stress this argument: “In terms of interacting with other designers, I don't tend to share a lot because it's like talking to me. But with other people like photographers and illustrators I share and talk about how they work. Interaction leads to inspiration, motivation and competition, but healthy competition.” “It definitely helps. We work with photographers, designers and illustrators. You get more expertise in different fields, and there’re lots of opportunities here for that.” Another interviewee emphasizes: “Interacting with other creative industries allows us to expand our expertise to different fields. Working with people in film and design etc. grows our body of knowledge, experiences, and skills”.

214 Interview BR 03
215 Interview EP 04
216 Interview SL 13
217 Interview SL 11
218 Interview BR 01
Although multiple design businesses collaborate with other co-located businesses, spatial proximity, however, is only of relative significance for inter-firm relations. To most interviewees, it is rather a question of convenience than a necessity. “The people I collaborate with mostly live in Echo Park and Silver Lake. Proximity, however, is more convenient than necessary. It’s nice to have things quickly done (e.g. photoshoots etc.).” \(^{219}\) Multiple factors are responsible for the relatively minor importance of spatial proximity in collaborative activities: the growing use of communication technologies as well as logistic services (e.g. overnight courier services), and the nature of Southern California as an automotive-oriented region. Communication technologies enable the completion of large parts of projects and therefore diminish the significance of spatial proximity. A lot of the work is digital (e.g. graphics, CAD-drawings, and visualizations) and can easily be transferred by today’s data processing technologies. Two interview partners illustrates: “Proximity is a matter of convenience. It depends on the project, how easy it is to do the job. But the geography has changed a lot. We correspond via the Internet and send files. It's all digital.” \(^{220}\) Collaborative activities, often under the mantle of friendships and social networks, are often based on consciousness and trust about a common business attitude and a mutual understanding of design, which deteriorates the significance of face-to-face communication. “The geography has changed. If I have already worked with you, you could be anywhere. We can do the deal on the phone. It’s always nice to do it face-to-face, but when you have projects here and the other person there, we don’t have time to get together.” \(^{221}\) Communication technologies, however, cannot replace face-to-face contacts. Personal communication still remains essential, in particular when essential design issues and other creative aspects need to be discussed (e.g. at the beginning of a collaborative work process and between production stages). “The importance of spatial proximity depends on the project, mostly it’s done online. We work with people from all over the place. We start closer and see if it’s here and then we go to L.A. and if not there we go further. Some projects are labor intensive and then there’s more face-to-face contact. Proximity is important if you need to have people come in everyday.” \(^{222}\) In sum, design businesses extensively benefit collaboratively and economically from the spatial agglomeration of the diverse set of creative industries. Spatial proximity,
however, is rather a convenient criterion regarding the large geographic scale of the creative industries’ agglomeration in Los Angeles. Los Angeles is a commuter city and, thus, spatial proximity is relative.\textsuperscript{223} Often, the definition of spatial proximity depends on the individual perspective. “Spatial proximity to downtown, that’s a weird question for L.A.”\textsuperscript{224}

### 8.6 Excursus: Los Angeles – Buzz and reduced uncertainty

The agglomeration of creative industries is not only defined by a few creative communities. It comprises a huge part of Los Angeles stretching from Santa Monica to Pasadena including multiple communities in the San Fernando Valley. The case study has shown that the activities of creative design businesses are not only limited to the geographic scale of their immediate location. The interviewed businesses rather maintain relations to clients, suppliers, and collaborators throughout the region. Spatial proximity is certainly desirable and convenient, but not essential.

Being located in Los Angeles in general seems to be mandatory for the economic success of design businesses. Numerous interviewed design businesses predominantly cater to the entertainment industry and other creative industries. In particular, the entertainment industry provides a large supply of resources and job opportunities from which other creative sectors benefit. The entertainment industry represents an ever-changing demand for innovations and new trends. Such a burgeoning freelance environment attracts all kind of talents and businesses to come to Los Angeles. One partner of an industrial and graphic design studio explains: “A lot of creative people are here because of the entertainment industry, even if they don’t work in entertainment. But there is this kind of freelance environment, and a lot of people come to L.A. to reinvent themselves. (…) Los Angeles as the center of entertainment is what Los Angeles is and influences everything. Every creative field is here: product and industrial design, car design etc., and it’s world-class.”\textsuperscript{225} The innovativeness of firms

\textsuperscript{223} “But proximity isn’t a huge factor. Everything that is within an hour drive is okay. It’s just part of life here. (…) Most of the projects are local. Thus, people have to be local. By local I mean within a 60 miles radius.” (Interview BR 05)

Los Angeles has one of the largest freeway systems in the world, with 27 intertwining freeways handling millions of commuters as they journey a daily collective migration of about 100 million miles (160 million km). Los Angeles is the most car-populated metropolis in the world with about 1 car per 1.8 people (Wikipedia (2006)).

\textsuperscript{224} Interview EP 05

\textsuperscript{225} Interview BR 03
is enhanced as they are continuously exposed to innovations in distinct creative industries, especially the entertainment industry. The owner of an industrial design business who is also involved in set and prop design illustrates: “L.A. is where the film industry is and therefore set design etc. That means it is always on the edge and innovative and creative.” The enormous supply of resources, talent and knowledge in Los Angeles promote innovation and cross-pollination across different creative fields. Informal and formal exchange of tacit knowledge takes place throughout the entire agglomeration of creative industries. Each individual firm contributes and benefits from the great pool of talent. A graphic designer outlines: “L.A. is my giant studio, the networking place. You have a giant school, people with knowledge you can share with and resources all over the place.” Design firms both constantly contribute and benefit from the entire pool of resources and talents. Being surrounded by businesses in similar and related creative field creates a competitive environment, though it is predominantly perceived as ‘healthy competition’. Informal exchange and continuous monitoring of other creative businesses generate learning processes which foster the competitiveness of design businesses in Los Angeles. An interviewee engaged in graphic and motion design explains: “It’s a small community of people that do this kind of work. A lot of them are in Los Angeles and Santa Monica. There’s a good healthy competition that comes from that and also cross-pollination and inspiration in different styles. I know a lot of our direct competitors.”

Job opportunities and resources particularly provided by the entertainment industry complex in Los Angeles create a work environment that generates a certain kind of stability in the unstable freelance and project-based work environment of creative industries in general. A lot of interviewed design businesses perceive that as a major asset of being in Los Angeles. An owner of a graphic design studio states: “There is so much work out there; in film, music, TV and entertainment, you just have to show that you are out there. (…) You just have to go and get it. There’s work for everybody.”

226 Interview SL 07
227 Interview EP 09
228 Interview SL 03
229 Also, Christopherson and Storper argue that the agglomeration of the entertainment industry is vital to the distribution of work as it makes it easier for various industries to offset risks that unstable work creates for the labor force. Workers with skills applicable across industries find an even larger pool of job opportunities. This explains why other industries tend to concentrate in the same places as motion picture production. Creative industries help each other through co-location to maintain the skills and talent that they all use in common (Christopherson; Storper (1986) p.317).
230 Interview SL 13
Another graphic designer specifies: “There’s a lot of business in the city: the entertainment industry and TV. There’s also a market for printed promotional material.” 231

The continuous flow of information also contributes to the stability of the work environment. Information and knowledge about new trends and tastes are essential in a market characterized by dramatic demand changes. Firms in creative industries in Los Angeles both contribute and benefit from the diffusion of information and knowledge by just ‘being there’. Businesses, whether explicitly connected to the entertainment industry or not, come to Los Angeles because of its ‘buzz’. “It is the number and mix of people in Los Angeles. People move here because they want to thrive as an artist (...) College towns are simulations, and when you are out of school, there are only a few places where you can find the vibe and atmosphere, like in New York City and Los Angeles.” 232

Small businesses and self-employed professionals in the early stage of their career, with little or no reputation understand the significance of being co-located to other creative firms and potential clients. Only few cities such as Los Angeles offer stable work opportunities for the large number of small, highly specialized firms in creative fields. A graphic designer illustrates: “I'm not at a place of my career where I could do it from anywhere. It's important to be in L.A.. It's all about connections; people know me here, I work here, and the work is in L.A.. Most of my clients, I provide them the work here and I still do a lot of film and TV work. Although about 20 % of my business is out of state in Florida (Miami) and N.Y.C., but even that is created here, because people go to these places from L.A. and take the work with them” 233. A freelance worker mostly working in production and set design agrees: “The majority of my work (...) is in New York City and Los Angeles. There are not too many other cities in the world that have that kind of stable quality of work that is here” 234.

The large agglomeration of creative industries in Los Angeles represents a large market for specialized design services. Plenty of resources and opportunities create a more stable work environment and reduce uncertainties of employment. In addition to their immediate location, design businesses are constantly able to take advantage of the flow

231 Interview SL 10
232 Interview BR 09
233 Interview BR 02
234 Interview BR 12
of knowledge and the large supply of creative talent throughout the Los Angeles region.

8.6 Summary

The empirical research in design industries conducted in three locations of Los Angeles, has revealed the distinctive aspects that determine the spatial clustering of design industries. The case study has also assessed the nature and spatial configuration of functional inter-firm relations. It has further tried to incorporate the significance of being part of the large creative industry complex in Los Angeles in general.

The quantitative analysis of location factors reveals that in particular those locations are attractive to SMEs and self-employed design businesses that offer affordable spaces. Also, the physical landscape and urban environment may be sources of stimuli and individual creativity. Kotkin asserts that creative communities often are in areas that just years earlier seemed doomed to obsolescence (e.g. industrial areas and immigrant neighborhoods). Then, the artists and other ‘pioneers’ discovered the great spaces, followed by other sorts of businesses. Silver Lake, Echo Park and the Brewery are exemplary for multiple other creative communities in the U.S. and around the world. Although these aspects are of major significance, they do not provide a sufficient explanation for spatial agglomeration of design and other creative industries. Low rents and the availability of large spaces are rather the rudimental criteria of the location decision-making.

Further explanation of the spatial concentration of design businesses is derived from the qualitative analysis and the interpretation of their results. Results of the qualitative analysis conclude that informal exchange of tacit knowledge constitutes the major element driving spatial concentration of design businesses. Working with “your peers”, informal “hanging-out” and social interaction promote the informal exchange of tacit, sticky knowledge. In a competitive environment, spatial proximity to other creative businesses further induces “observability and comparability”, i.e. the

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235 Drake stresses that the locality and urban environment are important sources of stimuli and individual creativity. This adds another aspect to existing studies about creative industries that emphasize creativity as a collective process (Drake (2003) p.522).


237 Interview CI-EP 06


automatic monitoring of other creative businesses working under similar conditions. Firms and professionals take advantage of the geographic proximity to numerous other businesses working in all kinds of creative fields. Due to the volatility of the market, design industries, in particular, are always seeking for new knowledge and information to enhance their innovativeness and competitiveness. A local presence allows them to assess and learn from the pool of diverse and complementary knowledge in creative communities. In particular, due to the typically small size of staff, SMEs and professionals are more dependent on interactive processes outside the company. Thus, creative communities most importantly serve as informal training grounds in which creative businesses take advantage of assessing and learning from a local pool of knowledge.

Although not as important as the informal exchange of knowledge, but still significant is the fact that co-location facilitates transaction-intensive collaborative relations. Though spatial proximity to collaborators is predominantly considered as a question of convenience, almost 40% of the interviewed businesses define their creative network as primarily local. Through collaboration firms gain access to complementary knowledge that is possessed by other professionals or firms. Inter-firm linkages and interaction are essential to increase the competitiveness of creative businesses. Collaborations, however, are mostly only temporary project-based relations. The recurrent formation of project ensembles to complete individual projects, however, spurs learning and innovation (learning by switching, learning by interaction).240 This adds to the complex pattern of innovation and learning. As inter-firm linkages are predominantly temporary, a local presence enabling access to information and tacit knowledge becomes even more important. In addition to the aspect of learning and exchange of knowledge, spatial proximity makes specialized services conveniently available on short notice. The rapid availability of skills and supplies is an important asset to design firms that often work under extraordinary time pressures.241

Although firms, to a large extent, collaborate on the local scale of their creative community, collaborations also take place throughout the Los Angeles region. Design firms in the three locations do not limit collaborative activities to their creative communities, but also reach out to businesses often located in other well-recognized

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240 Grabher (2002a) p.252.
241 “It’s great, if something has to be done really quickly and I can just go over the street.” (Interview BR 02)
creative communities. The geographic scope of collaborative activities reflects the spacious and diverse agglomeration of creative industries in Los Angeles. Other prominent creative communities such as Santa Monica, Hollywood and Burbank are equal sources to the immediate business’ location of skilled talent feeding into individual projects. Sometimes, relations reach even beyond the regional scale. While spatial proximity is rather a question of convenience, other criteria determine the success of collaborative work processes. The case study highlights that inter-firm relations of design businesses are often based on personal relationships and social networks. Trust along with skills and the quality of work allegorize the most important criteria when creative businesses and professionals collaborate. An examination into how such personal relationships evolve, however, was beyond the scope of this study. The extensive use of new communication technologies related to the mostly digital work (e.g. graphics, CAD-drawings, and visualizations) and inevitable commuting in Los Angeles also diminishes the significance of spatial proximity and face-to-face contacts at regular intervals.

On the broader scale, the spatial agglomeration of the entertainment industry and other creative industries in Los Angeles reduces risks for both workers and employers. Workers take advantage of a stable workload, while employers benefit from a large local pool of talent. The concentration of creative industries associated with a ‘buzz’ of knowledge and information provides invaluable opportunities for job matches and learning. In terms of collaborative activities, creative businesses take advantage of their social networks and the enormous supply of diverse creative talent scattered throughout the large geographic agglomeration of creative industries in Los Angeles.

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242 Grabher even argues that personal networks are not exclusively rooted in particular localities. Spatial proximity seems to be related to the degree of specialization. Whereas spatial proximity of skilled project partners is convenient and important, highly skilled labor that operates in ‘less place-bound’ project spaces may also be recruited in other global creative centers (Grabher (2002a) p.258; (2002) pp.209-210).

Figure 8.10: Geographic dimension of location factors of design industries in Los Angeles

Figure 8.10 summarizes the significance of particular location factors and associated processes related to different geographic scales; in this case the scale of the creative community (‘micro’) and/or the scale of Los Angeles in general (‘macro’), as discussed above.
9. Conclusion

In this thesis, a wide theoretical framework has been employed to provide a comprehensive analysis of spatial concentrations of creative industries in Los Angeles (chapter 2 and 3). Chapter 5 has outlined the distinct attributes of creative industries. The analysis of the spatial geographical distribution of creative industries in Los Angeles has shown a strong overlapping of creative industry agglomerations which suggests intense intra-sectoral and inter-sectoral inter-relations (chapter 6). The case study, conducted in three locations of Los Angeles, scrutinized the distinctive aspects of creative industries which give rise to their distinctive pattern of spatial clustering. The organization and spatial dimension of horizontal inter-firm relations has also been examined (chapter 8). The results of the case study provide an explanatory framework of geographic clustering of design industries in Los Angeles. In the conclusion, it will be discussed to what extent the findings support or discredit the applicability of the innovation models (industrial district, creative milieu, and cluster) as well as of the concepts of pure agglomeration, project organization, and cumulative attraction in the case of spatial concentration of design industries in Los Angeles.

9.1 Revising explanations of geographic concentration

The transaction cost theory emphasizes the importance of transaction costs in formal inter-firm relations. Inter-firm linkages in locational agglomerations characterized by exchanges of goods, capital, knowledge, rules, and conventions are very transaction-intensive. In theory, spatial concentration of economic activity reduces transaction costs and promotes even more intense inter-firm relations.244 The empirical research indicates that direct and formal inter-firm linkages of design businesses are only partly determined by geographical proximity. Inter-firm relations based on spatial proximity are predominantly informal than formal. Social interaction and opportunities of informal encounter are the most significant mechanisms driving the exchange of tacit knowledge. Nevertheless, collaborative activities facilitated by spatial proximity are not uncommon. In doing so, creative businesses take advantage of the rapid availability of a diversity of specialized services. In this case, spatial

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proximity reduces transaction costs by promoting frequent face-to-face interaction and the development of personal relationships which facilitate the building of trust and the exchange of tacit knowledge.

In sum, the transaction cost theory is somewhat insufficient in explaining the formation of spatial agglomerations of design industries. From the results gathered, it seems as though informal inter-firm relations and social processes are more significant mechanisms of interaction than formal linkages. Social and informal processes of interaction, however, are not taken into account by the rational economic considerations of the approach. As horizontal and vertical inter-firm linkages are not uncommon, the transaction cost theory partly provides an explanation for the spatial concentration of design industries.

The institutional economics approach highlights the role of an institutional and organizational embeddedness in the process of spatial agglomeration. The existence of embedded routines, norms, and habits promotes traded and untraded inter-firm interdependencies. In addition, an infrastructure of supporting institutions and organizations helps to create synergies and a collective identity.\textsuperscript{245} The case study, however, demonstrates that the existence of formal institutions and organizations does only play a minor role in the process of spatial concentration of design industries. Although some businesses are engaged in business organizations and community centers (e.g. Silver Lake and Echo Park Chamber of Commerce, Echo Park Film Center), cultural institutions and business supporting organizations are relatively unimportant for the spatial concentration of design businesses.

More important for the promotion of formal and informal inter-firm relations in agglomerations of design industries is the establishment of informal institutions. Codes of conduct help to build formal and informal relationships between creative professionals and businesses. Common habits and norms facilitate the building of trust and constitute a prerequisite for the exchange of knowledge. Being in the same situation and working in similar fields, design businesses have developed certain codes of conduct that facilitate the exchange of knowledge. Although inter-firm relations are rarely based on formal contracts, mechanisms of punishment such as the lost reputation offer useful mechanisms to enforce informal commitments. Thus, the institutional

economics approach needs to be extended by informal institutions to be able to contribute to the explanation of spatial concentration of design industries. The concept of agglomeration economies, however, provides the most useful explanatory framework of geographic concentration of design industries. For the most part, creative design firms and workers benefit from the large labor market. The entertainment industry and other prominent creative sectors constantly attract large numbers of skilled talent. Both workers and employers benefit from the diversity of job opportunities and plentiful resources. Moreover, spatial agglomerations of creative talent are, in particular, characterized by informal inter-relations. Informal exchange of tacit knowledge and opportunities of continuous observing and comparing of other businesses’ activities stimulate innovation and collective learning. Creative actors take advantage of the diversity of knowledge and skills in creative communities. The spatial proximity facilitates knowledge spillovers between firms in similar and related fields, independently of the degree of internal interaction. Thus, creative communities most importantly serve as informal training grounds and sources of informal learning. Yet, horizontal inter-firm linkages are also enhanced by spatial concentration. Although, relationships between creative firms and self-employed workers are strongly affected by competition and rivalry, businesses do not shun informal and formal exchange of tacit knowledge. The presence of a diverse mix of creative businesses in creative communities enables firms to gain access to complementary expertise across various creative and non-creative fields (learning by interaction). This strengthens their competitiveness and increases potential job matches, which is a huge asset in the volatile work environment.

Another characteristic of spatial agglomerations of design industries is a certain ‘buzz’. Frequent social interaction facilitated by spatial proximity creates information linkages that are invaluable assets of creative communities. The case study supports the notion that local firms and professionals take advantage of being exposed to distinct networks of knowledge and information. This complements the elements of intended and unintended learning associated with spatial clustering.

9.2 Revising concepts of spatial concentration

In chapter 3, multiple concepts have been discussed that describe different forms of spatial concentration of economic activity. The concepts of the industrial district,
creative milieu, and cluster put an emphasis on functional interdependencies between firms producing along a common value added chain, but the degree of internal interaction between firms, suppliers, competitors and customers varies. In contrast, the concepts of pure agglomeration and cumulative attraction stress less intense inter-firm linkages, while the concept of project organization offers another concept of social organization.

Steinle and Schiele argue that the division of labor within the production process is a necessary technical condition for spatial clustering of economic activity. The production process of creative industries is characterized by an advanced and highly specialized division of labor. The production system is composed of four key links which comprise a complex set of horizontal linkages and interdependencies between different sub-sectors of the creative industries and other industries. The spatial agglomeration of design industries in Los Angeles highlights the strong interdependencies across the individual creative fields. Cross-over specialization and inter-sectoral interdependencies blur the sectoral boundaries. Specialized design services, in particular, are important intermediate services that provide products and services throughout the production system of the creative industries and other industries. Thus, spatial clustering is therefore technically possible and yet the question remains; how can the spatial concentration of design industries in Los Angeles be described?

In Los Angeles, design businesses take advantage of the enormous supply of creative talent and supplies throughout the large spatial agglomeration of creative industries in the region. The quantity of creative businesses and the large geographic scope of the spatial agglomeration of creative industries constitute another spatial dimension. Spatial proximity becomes relative, also related to Los Angeles’ nature as a commuter city. Not only is the accessibility to specialized creative services and supplies in Los Angeles of importance, but also the local presence in creative communities. Most notably, the case study stresses the importance of informal exchange of tacit knowledge and collective learning promoted by spatial proximity to other creative businesses. Social interaction, “informal hanging out” and continuous monitoring and comparing of other co-located creative businesses’ activities serve as major sources of learning in

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spatial agglomerations of design industries. There, creative workers and businesses take advantage of the exchange of sticky, tacit knowledge that is mostly attained through social and informal interaction. Collaborative activities, often on a project basis, are another source of learning, but are not necessarily determined by spatial proximity. Spatial proximity is also not important regarding linkages to suppliers, manufacturers, and clients. In terms of formal horizontal and vertical inter-firm linkages, spatial proximity is rather a question of convenience than a necessity.

Porter’s cluster concept stresses the significance of local cooperation and competition for the generation of innovation and competitive advantages. The vertical dimension of a cluster is particularly characterized by stable and formal long-term inter-firm relationships based on trust. Design service businesses, however, do not indicate a high significance of spatial proximity to suppliers and other producers of preliminary products. Also, inter-firm linkages of creative businesses are predominantly temporary commitments. They are often based on latent and social networks and reputation. Thus, spatial proximity associated with reduced transaction costs is only of relative importance. This does not cohere with the rational argument of transaction cost savings incorporated in Porter’s approach. In contrast, the horizontal dimension of the cluster approach provides some valuable elements that can be related to geographic concentrations of design industries. The concept highlights that, in particular, horizontally integrated, but also complementary businesses increase their competitiveness through continuous monitoring and comparing of direct competitors’ and complementary businesses’ behavior. Learning by observing and learning by comparing are significant mechanisms of learning and of the generation of competitive advantages, also widely found in the spatial agglomeration of design industries in Los Angeles. Design firms in Los Angeles do not only benefit from the co-location to direct competitors, but also from spatial proximity to complementary businesses.

The other territorial innovation models, the industrial district and the creative milieu, also fail in taking the temporary and less place-bound character of horizontal inter-firm and collaborative relations into account. While they stress cooperation among co-located SMEs and informal exchange of tacit knowledge through spatial proximity, the concepts of the creative milieu and the industrial district in contrast put an emphasis on long-term commitments between co-located firms specialized in different steps along a

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common value-added chain. Stable formal inter-firm linkages are of central importance and do hardly cross spatially defined boundaries. In contrast, horizontal linkages of design businesses in Los Angeles are often temporary and based on latent and social networks. Most importantly, they are not necessarily limited to geographically proximate businesses and often cross sectoral boundaries. Although inter-firm linkages are predominantly based on the regional scale of the Los Angeles region, some design businesses also maintain supra-regional and global linkages. In addition, the case study could not identify an active pursuit of co-located design businesses to create a distinct local identity or image, as it is stressed in the creative milieu approach. Although Silver Lake, Echo Park, the Brewery Arts Complex, and other creative communities are considered trendy neighborhoods, the image rather comes automatically with the spatial concentration of a certain population. It is an unintended external return, a benefit to the design industries located in the vicinity. The location’s image is also rather unimportant as a location factor. Sometimes, clients perceive it more important than actually the design businesses do.

In contrast, the model of pure agglomeration contains multiple elements that match with findings of the quantitative and qualitative analysis. The approach explicitly highlights temporary inter-firm linkages as no forms of cooperation between actors occur that are beyond individual interests. As elaborated in the case study, design firms often select partners of collaboration in response to their advantage and to their clients’ needs. In unrelated clusters businesses also take advantage of the supply and spatial proximity to diverse specialized skills. Los Angeles offers a large market for specialized skills, an enormous supply of specialized labor and un-traded inputs such as knowledge, and a continuous flow of information. Additionally, the concept emphasizes the significance of the large highly specialized markets and the diverse supply of inputs to minimize entrepreneurial uncertainty. Critically, the concept lacks any description of mechanisms of informal exchange of knowledge and collective learning processes fostered by spatial concentration.

The concept of project organization adds the organizational dimension to the spatial agglomeration of design industries. Temporary collaborative activities prevalent in design industries are characterized by ‘healthy competition’ and cooperation. The continuous formation of project ensembles increases firms’ expertise and constitutes an important source of learning. Whereas the concepts of the cluster, the creative milieu and the industrial district highlight the exchange of knowledge through the movement
of workers between co-located firms, repetitive formation of project ensembles promotes another mode of learning. Designers gain temporary access to different expertise and benefit from learning by switching. Although projects are not necessarily locally defined, spatial implications of the concept cohere with findings of the case study. The project-based work environment of design industries makes spatial agglomeration inevitable. The concentration of economic activity guarantees a rapid availability of specialized services and expertise. Yet another invaluable factor for design industries is a certain ‘buzz’ of information and knowledge. Spatial agglomeration of creative industries further reduces entrepreneurial uncertainty in a volatile work environment and creates a sound freelance environment which benefits all kind of project-based activities.

Geographic clustering is not only associated with the exchange of tacit knowledge, collective learning, and continuous monitoring of other businesses’ activities. It is also deeply rooted in an increasing visibility to potential clients, as outlined by Nelson’s theory of cumulative attraction. Design businesses, however, do only marginally benefit from the high profile of their location. Rather, visibility is dependent on reputation, the quality of work and the extent to the firm’s or professional’s embeddedness in networks. These aspects predominantly determine if design businesses are able to generate business on their own or not. Spatial concentration on the other hand enables creative businesses and professionals to gain access to existing networks than to take advantage of cumulative attraction.

### 9.3 Cluster or spatial agglomeration?

The spatial configuration of design industries is strongly affected by their industrial organization. Project-based work organization, entrepreneurial uncertainty, and the pursuit of learning and innovation in order to stay competitive determine their spatial concentration in Los Angeles. Findings of the case study, however, do not really correspond to the distinct attributes characterizing the concepts of functional clusters (industrial district, creative milieu, and cluster). Spatial concentration of design industries should not be reduced to a matter of spatial proximity that reduces transaction costs and promotes a certain speed of formal exchange. Spatial proximity is rather a convenience than a necessity. Spatial concentration is predominantly associated with informal exchange of knowledge and informal training as well as a rapid
availability of key services. The concepts of pure agglomeration and project organization provide the most important elements. Also, the horizontal dimension of Porter’s cluster model contributes additional critical elements that help to define the geographic concentration of SMEs and self-employed workers in design industries in certain areas of the Los Angeles region.

The model of pure agglomeration stresses the importance of a large supply of inputs and talent. Spatial concentration of a variety of businesses promotes the availability of specialized key services which facilitates labor processes often driven by extraordinary time pressures. The presence of large markets for highly specialized products promotes the reduction of entrepreneurial uncertainty. The complex production system of creative industries with the entertainment industry as the focal point creates a stable work environment for specialized SMEs and freelancers. Also, the increased flow of information and knowledge, referred to as ‘buzz’, is emphasized by the approach. It also acknowledges the primarily temporary character of inter-firm linkages and collaborative activities. The concept, however, does not elaborate the mechanisms of informal learning and the qualitative dimension of the mostly temporary inter-firm linkages.

The concept of project organization adds the organizational dimension. It highlights the predominantly unstable and temporary nature of inter-firm relations. In addition, the approach takes also into account that collaborative relations are primarily based on expertise, reputation, and social networks, but not necessarily spatial proximity. Recurrent collaborative relations may even form latent networks over time. Project organization in return implicates the necessity of spatial concentration, as projects are driven by the availability of specialized skills. The entrepreneurial uncertainty associated with a project-based work organization makes a local presence in spatial agglomerations of economic activities necessary, too. A local ‘buzz’ provides invaluable knowledge and information that determine the firms’ competitiveness. Whereas project organization is able to explain learning processes by recurrent formation of project ensembles and latent networks, it lacks the inclusion of collective learning processes and exchanges of knowledge that are related to the spatial concentration of similar industries.

Whereas the model of pure agglomeration highlights the increased informal exchange of tacit knowledge and information in spatial agglomerations of economic activity, it does hardly explain the mechanisms of learning promoted by spatial concentration of
similar businesses. In contrast, this aspect is explicitly described by Porter’s cluster approach. Clusters are characterized by a competitive environment, fostered by the spatial concentration of direct competitors and also complementary businesses. The competitive environment, however, does not discourage exchange of tacit knowledge by imposing a too large cognitive distance. Through co-location horizontally integrated firms are able to gain a competitive advantage over direct competitors. A local presence enables them to assess and learn from the local pool of knowledge. Automatic monitoring of direct competitors’ and other creative businesses’ activities, as well as the informal exchange of tacit knowledge, outlined as ‘buzz’, are strongly promoted by spatial proximity.

Social and informal interactive processes are critical elements of collective learning processes. Hence, creative communities in Los Angeles primarily serve as informal training grounds and places of social interaction within a large spatial agglomeration of creative industries that ensures entrepreneurial stability and provides additional sources of learning associated with the enormous supply of creative talent and resources.

Figure 9.1 aims to illustrate the configuration of the spatial agglomeration of design industries in Los Angeles characterized by the functional elements mentioned above.
Yet, none of the introduced concepts alone is applicable to describe the spatial concentration of design industries. Only, the combination of distinct attributes of concepts of pure agglomeration, project organization and the horizontal dimension of Porter’s cluster approach allows a detailed description of the functional dimension of the spatial agglomeration of design industries in Los Angeles.

This study has demonstrated, to a greater or lesser extent, why design industries concentrate in particular neighborhoods and districts. It has shown that it is more than just cheap rents, big spaces, and a cool cache to the location. Design industries predominantly take advantage of informal and formal interactive processes promoted by spatial concentration. Intra-sectoral and inter-sectoral cross-pollination produces further innovation and growth in creative industries. The study has also revealed that a local presence is in particularly important for assessing and learning from a local pool.
of knowledge and for reducing entrepreneurial uncertainty. It appears that horizontal inter-firm and inter-personal relations have become increasingly less dependent on spatial proximity and yet, this only reflects a snapshot of an essentially dynamic process.

Los Angeles certainly represents a special case of a creative urban economy, quantitatively and spatially. The functional dimension of the spatial agglomeration of design industries with other creative industries appears to correlate with the pattern of spatial inter-sectoral concentration. Inter-sectoral interdependencies between design industries and other creative industries in Los Angeles are characterized by formal as well as informal linkages. A better understanding and theoretical framework of the complex pattern of formal and informal inter-sectoral interdependencies, however, is necessary to assess the complete economic and geographic scope of the spatial concentration of the creative industries complex in Los Angeles.
10. Appendices

10.1 Classification of creative industries by NAICS

<table>
<thead>
<tr>
<th>NAICS code</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Publishing</strong></td>
</tr>
<tr>
<td>51111</td>
<td>Newspaper publishers</td>
</tr>
<tr>
<td>51112</td>
<td>Periodical publishers</td>
</tr>
<tr>
<td>51113</td>
<td>Book publishers</td>
</tr>
<tr>
<td>51119</td>
<td>Other publishers</td>
</tr>
<tr>
<td></td>
<td><strong>Motion picture &amp; video industries</strong></td>
</tr>
<tr>
<td>51211</td>
<td>Motion picture &amp; video production</td>
</tr>
<tr>
<td>51212</td>
<td>Motion picture &amp; video distribution</td>
</tr>
<tr>
<td>512191</td>
<td>Teleproduction &amp; other postproduction services</td>
</tr>
<tr>
<td>512199</td>
<td>Other motion picture &amp; video industries</td>
</tr>
<tr>
<td></td>
<td><strong>Sound recording industries</strong></td>
</tr>
<tr>
<td>51221</td>
<td>Record production</td>
</tr>
<tr>
<td>51222</td>
<td>Integrated record production/distribution</td>
</tr>
<tr>
<td>51223</td>
<td>Music publishers</td>
</tr>
<tr>
<td>51224</td>
<td>Sound recording studios</td>
</tr>
<tr>
<td>51229</td>
<td>Other sound recording industries</td>
</tr>
<tr>
<td></td>
<td><strong>Broadcasting (except Internet)</strong></td>
</tr>
<tr>
<td>51511</td>
<td>Radio broadcasting</td>
</tr>
<tr>
<td>51512</td>
<td>Television broadcasting</td>
</tr>
<tr>
<td></td>
<td><strong>Architecture</strong></td>
</tr>
<tr>
<td>54131</td>
<td>Architectural services</td>
</tr>
<tr>
<td>54132</td>
<td>Landscape architectural services</td>
</tr>
<tr>
<td></td>
<td><strong>Specialized design</strong></td>
</tr>
<tr>
<td>54141</td>
<td>Interior design services</td>
</tr>
<tr>
<td>54142</td>
<td>Industrial design services</td>
</tr>
<tr>
<td>54143</td>
<td>Graphic design services</td>
</tr>
<tr>
<td>54149</td>
<td>Other specialized design services (incl. fashion, furniture)</td>
</tr>
<tr>
<td></td>
<td><strong>Advertising</strong></td>
</tr>
<tr>
<td>54181</td>
<td>Advertising agencies</td>
</tr>
<tr>
<td>54182</td>
<td>Public relations agencies</td>
</tr>
<tr>
<td>54183</td>
<td>Media buying services</td>
</tr>
<tr>
<td>54184</td>
<td>Media representatives</td>
</tr>
<tr>
<td>54185</td>
<td>Display advertising</td>
</tr>
<tr>
<td>54186</td>
<td>Direct mail advertising</td>
</tr>
<tr>
<td>54189</td>
<td>Other services related to advertising</td>
</tr>
<tr>
<td></td>
<td><strong>Photography</strong></td>
</tr>
<tr>
<td>541921</td>
<td>Photography studios, portrait</td>
</tr>
<tr>
<td>541922</td>
<td>Commercial photography</td>
</tr>
<tr>
<td></td>
<td><strong>Performing arts companies</strong></td>
</tr>
<tr>
<td>71111</td>
<td>Theater companies &amp; dinner theaters</td>
</tr>
<tr>
<td>71112</td>
<td>Dance companies</td>
</tr>
<tr>
<td>71113</td>
<td>Musical groups &amp; artists</td>
</tr>
</tbody>
</table>
71119  Other performing arts companies
71151  Independent artists, writers, & performers

Source: U.S. Census Bureau, North American Industry Classification System, 2005

10.2 Map of the Brewery Arts Complex

Source: Flyer Brewery Art Walk, Fall 2005
10.3 Interviews

10.3.1 Cover letter

Dear (Name of interviewee),

I'm a visiting student from Berlin currently at the University of California in Irvine to conduct research for my master thesis.

In my research I'm looking at Silver Lake, Echo Park and the Brewery as unique locations for creative industries in L.A.. There, I'm especially interested in design-related companies and freelancers. I'm using an interview guide to be able to make a statistical analysis and comparison. I want to investigate why creative businesses concentrate there, how they interact and also how they perceive and use the image of their locations.

Therefore I'm looking for creative workers in the field of design that are interested in participating in my interview survey.

I would really like to talk to you about your work, the importance of the location and how the location influences interaction.

The interviews are conducted in person and over the phone and will take about 20 to 30 minutes. The interview can also be completed by using a questionnaire, if necessary.

Please be assured that the interviews are being conducted in the strictest of confidence and that no identifying labeling will be attached to any material that appears in the written report.

Thank you for your cooperation.

Sincerely,
Sascha Brinkhoff
10.3.2 Letter of reference Department of Planning, Policy, and Design, University of California, Irvine

October 1, 2005

To Whom it May Concern,

**Sascha Brinkhoff** is a visiting student at University of California, Irvine from September 2005 through January 2006. He is engaged in a research project, “Creative Industries in Echo Park / Silverlake in Los Angeles”, which is examining spatial clustering of creative industries and the influences of location and local interaction.

He is conducting interviews with individuals in creative industries, including but not limited to businesses in the areas of fashion design, entertainment, and artistic expression.

Please be assured that these interviews are being conducted in the strictest of confidence and that no identifying labeling will be attached to any material from this interview that appears in Mr. Brinkhoff’s written report. I am Mr. Brinkhoff’s faculty supervisor and I am providing direct oversight of this project. Should you have any questions, please do not hesitate to contact me. Thank you for your time.

Sincerely,

Scott A. Bulens, Professor
Department of Planning, Policy, and Design
University of California
Irvine, CA, 92697-7075
Ph: 949-824-7696
bulens@uci.edu
10.3.3 Interview guide

**Questionnaire Creative Industries at the Brewery, in Silver Lake and Echo Park**

**Date:**

**Name:**

**Name of business (industry):**

**Position:**

**Employment size of company:**

**Home office:** yes: no:

**Contact information:**

<table>
<thead>
<tr>
<th>Phone</th>
<th>Email</th>
<th>Website</th>
</tr>
</thead>
</table>

**Introduction:**

1. What is your work? Can you describe it?

2. Are you self-employed/freelance or entrepreneur?

3. What is your background in creative and art-related education?

4. Who are your clients (industry)?

5. Where are your clients located?

**Location:**

6. Where is your business located?

7. When did your business move there?

8. Where has your business been located before?

9. Did you know somebody here before you located here?

   → 7.1. Was that a specific for you to locate there?

10. Why have you chosen this location? (Choose on scale)

<table>
<thead>
<tr>
<th>Location factors</th>
<th>Not important</th>
<th>Somewhat important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creative/cultural/social environment and atmosphere</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proximity to manufacturers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor</td>
<td>Not important</td>
<td>Somewhat important</td>
<td>Very important</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>---------------</td>
<td>--------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Proximity to suppliers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proximity to collaborators</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proximity to clients (demand)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proximity to the audience (demand)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proximity to education and training facilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety reasons</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traffic / transport links</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parking</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Availability of space</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Image of neighborhood</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proximity to place of residence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proximity to other creative industries / artists</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Being part of a local network with access to information about jobs/projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal reasons</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11. How valuable is it to be located within this area in Los Angeles additionally to just being in the city in general? (Choose on scale)

12. How valuable is this location / neighborhood to your work?

13. How valuable is it for your business to be in Los Angeles in general?

**Interaction/Collaboration:**

14. How valuable is it for your work to interact with other industries/other creative people? (Choose on scale + open answer)
15. Who is your creative network (interaction/collaboration) (local (Los Angeles neighborhoods) and worldwide)?

<table>
<thead>
<tr>
<th>Type of industry</th>
<th>Location</th>
<th>Purpose of collaboration/interaction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

16. How important are different forms of communication for your work (concerning communication with collaborators, clients etc.)? (Choose on scale)

<table>
<thead>
<tr>
<th>Communication Type</th>
<th>Not important</th>
<th>Somewhat important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Face to face</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email/online</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

17. When collaborating with other artists / businesses, what is important to you? (Choose on scale + open answer)

<table>
<thead>
<tr>
<th>Importance Factor</th>
<th>Not important</th>
<th>Somewhat important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal relationship</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skills</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proximity / location</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reputation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior experiences</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Perception/image:

18. What is your perception of this area, compared to other locations/neighborhoods in Los Angeles?

19. How is the image/identity of the area valuable to your work? (Choose on scale + open answer)

<table>
<thead>
<tr>
<th></th>
<th>Not important</th>
<th>Somewhat important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Image of the area</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Finally:

More contacts/people to talk to (design-related creative industries):
10.3.4 Interview partners

Silver Lake
SL 01  Owner fashion design company (Personal interview Dec. 8, 2005)
SL 02  Self-employed graphic designer (Questionnaire Dec. 8, 2005)
SL 03  General manager graphic design company (Phone interview Nov. 29, 2005)
SL 04  Owner graphic design company (Personal interview Nov. 10, 2005)
SL 05  Self-employed architect (Questionnaire Nov. 7, 2005)
SL 06  Self-employed graphic designer (Personal interview Nov. 10, 2005)
SL 07  Owner industrial design company (Personal interview Nov. 6, 2005)
SL 08  Creative director graphic design company (Questionnaire Dec. 5, 2005)
SL 09  Owner graphic design company (Phone interview Nov. 19, 2005)
SL 10  Co-Owner graphic design company (Phone interview Dec. 1, 2005)
SL 11  Co-Owner graphic design company (Phone interview Nov. 29, 2005)
SL 12  Self-employed fashion designer (Personal interview Nov. 8, 2005)
SL 13  Owner graphic design company (Phone interview Nov. 23, 2005)

Echo Park
EP 01  Owner fashion design company (Personal interview Dec. 2, 2005)
EP 02  Self-employed graphic designer (Phone interview Nov. 14, 2005)
EP 03  Self-employed fashion designer (Personal interview Nov. 14, 2005)
EP 04  Self-employed graphic designer (Phone interview Dec. 1, 2005)
EP 05  Co-owner graphic design company (Personal interview Nov. 4, 2005)
EP 06  Co-owner graphic design company (Personal interview Dec. 14, 2005)
EP 07  Co-owner graphic design company (Questionnaire Jan. 20, 2006)
EP 08  Self-employed graphic designer (Personal interview Nov. 8, 2005)
EP 09  Self-employed graphic designer (Personal interview Nov. 10, 2005)
Brewery Arts Complex

BR 01  Co-owner industrial design company (Personal interview Nov. 5, 2005)
BR 02  Self-employed graphic designer (Personal interview Dec. 8, 2005)
BR 03  Co-owner industrial design company (Personal interview Nov. 18, 2005)
BR 04  Self-employed graphic designer (Questionnaire returned Jan. 19, 2006)
BR 05  Owner architectural services company (Phone interview Nov. 22, 2005)
BR 06  Owner graphic design company (Personal interview Nov. 23, 2005)
BR 07  Owner graphic design company (Questionnaire Jan. 19, 2006)
BR 08  Owner fashion design company (Personal interview Nov. 16, 2005)
BR 09  Self-employed designer (Phone interview Nov. 16, 2005)
BR 10  Partner architectural services company (Questionnaire Nov. 20, 2005)
BR 11  Co-owner fashion design company (Questionnaire Dec. 6, 2005)
BR 12  Self-employed designer (Phone interview Dec. 9, 2005)
BR 13  Self-employed graphic designer (Phone interview Nov. 19, 2005)
BR 14  Self-employed fashion designer (Personal interview Nov. 16, 2005)
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Erklärung

Ich erkläre, dass ich die vorliegende Arbeit selbstständig und nur unter Verwendung der angegebenen Literatur und Hilfsmittel angefertigt habe. Die aus fremden Quellen direkt oder indirekt übernommenen Inhalte sind als solche kenntlich gemacht.

Berlin, den 08.08.2006

Sascha Brinkhoff