

The geography of the Italian creative economy: the special role of the design and craft based industries

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Abstract

Through employment and firms data we analyze the evolving structure of the Italian cultural economy and highlight diverging spatial and organizational patterns of cultural production systems in urban and regional areas. Whilst large metropolitan areas remain the most important loci of the creative economy, craft-based sectors and creative systems of design have a tendency to locate in small and non metropolitan centers. Based on the historical formation of manufacturing districts and on the growing role of the cultural production and consumption systems in urban spaces, the Italian creative economy provides an interesting case study to analyze the geographical patterns of cultural and creative industries. We extend previous literature on the geography of the creative and cultural economy by offering through the Italian case new insights as to idiosyncratic conditions in which cities and regions emerge as leading centers of cultural production and creativity.

Keywords: Italy, Cultural Economy, Cultural Industries, Creativity, SIC data
JEL classification: R12, L8

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1 Introduction

The aim of this paper is to analyze the structure of the Italian creative economy and its geographical patterns of localization. Although Italy is renowned for its rich cultural heritage and design-based products, the creative discourse has only recently emerged in the national debate. Analyses of creative industries in Italian cities have been conducted by [Cooke and Lazzeretti \(2008\)](#), while the economic contribution of the creative industries has been addressed for the first time in 2007 with the White Paper on Italian Creativity. This report shows how the creative industries should be taken into consideration in order to change the national priorities from the merely conservation of culture to the production of new cultural and creative output ([Santagata, 2009](#)). Similarly, looking at the external trade statistics of creative products, Italy ranks among the first creative economies when design and fashion products are taken into account ([UNCTAD, 2008](#)).

Arguably, two main trends at the global level have supported the recognition of the relevance of creative industries in Italy. On one hand, the increased role of the economic activities involved in the origination, transmission and consumption of cultural content. On the other hand, the revitalization of craft-based and design-intensive sectors, whose products carry strong semiotic and aesthetic content ([Lash and Urry, 1994](#)). All these sectors share the symbolic and idiosyncratic nature of their goods and are deeply influenced by the time and space dimensions for the organization of production. All these industries are experiencing a growing role in the post-Fordist economy and face the challenge of strong international competition.

Italy may be considered as an appropriate case study to understand the emerging role of the cultural and creative industries in the post-Fordist economy, as well as to highlight differentiated geographical patterns of these industries. The geographic organization of several creative sectors is increasingly drawn towards major metropolitan areas. Concentration in large urban centers tends to enhance flexible specialization, vertically disintegrated production process and local-global relations of both products and knowledge diffusion ([Jessop, 1992](#); [Landry, 2000](#)). At the same time, traditional agglomerations of high quality craft production in small municipalities may be considered as a distinctive geographic characteristic of the Italian creative economy ([Porter, 1990](#); [Scott, 2006](#)). This phenomenon is connected with the growing attention given both in the academic and policy debate to cultural production and creative clusters in small cities and non metropolitan areas ([Bell and Jayne, 2009](#)). For instance, [Wojan and MCGranaham \(2007\)](#) and [MCGranaham and Wojan \(2007\)](#) suggest that competitive rural manufacturing is increasingly driven by amenity and quality-of-life factors required to attract highly skilled and creative workers. Further, policies for regional and local development are including the creative industries agenda for revitalizing rural areas

and small cities through the promotion of cultural heritage and crafts, the development of cultural infrastructure and the clustering of local creative businesses ([Jayne, 2005](#); [Evans, 2009](#)).

With this perspective, the paper provides two main contributions to the creative industries literature. First, using Italy as a reference case, the paper highlights the role of design and craft-related industries as potentially relevant sectors in the creative economy, especially in non metropolitan areas. These sectors are often under appreciated in the creative industries debate, which is usually oriented to technology-related and service-based creative sectors. For instance, [Lazzeretti et al. \(2008\)](#) have recently analyzed the geographic distribution of the creative industries in Italy, focusing on traditional cultural industries and technology-related creative industries (ICTs and Software). However, the appreciation of design and craft-based industries may be particularly useful to provide a more complete view of the creative economy and to design appropriate policies for creative industries, especially in developing countries. In many parts of the world there exist indeed local concentrations of cultural production that both provide economic empowerment for the community and reflect the traditional knowledge, skills and cultural traditions of the people ([Santagata, 2006](#)).

A second contribution to literature refers to the investigation of the regional and local patterns of cultural and creative industries, drawing evidence from the Italian context. While the majority of studies on this subject have so far contributed to a better understanding of the nature and structure of the creative economy, new researches ([Lazzeretti et al., 2008](#); [De Propis et al., 2009](#)) are adding insights into the conditions that affect the geographic distribution and co-location of creative industries as well as their tendency to locate on either metropolitan areas or small urban centers. Our paper is in line with these works as it develops a methodology to explore the spatial organization of the creative industries and activities.

The paper is organized as follows: section 2 describes the methodology adopted to define the Italian creative economy and the techniques used to analyze the geographical patterns of localization; section 3 presents the structure and evolution of the Italian creative economy; section 4 focuses on the geographical distribution of cultural and creative industries, highlighting a distinctive geography of the Italian creative economy; section 5 concludes.

2 Methodology

This part presents the classification and empirical strategy adopted to study the Italian creative economy and to highlight its main structure and geographical patterns. First, we introduce the Cultural and Creative Industries (CCIs) model and its standard industry classification (SIC) criteria to define the cultural and creative

activities within the Italian economy. Second, we present and discuss the methodology to analyze the geographical patterns of localization of the CCIs in Italy. We use both cluster analysis to group Italian provinces according to their specialization levels in the creative economy and measures of spatial autocorrelation to detect spatial dependence between different sectors of the CCIs. We use 1991 and 2001 Census employment data to describe the structure and evolution of the Italian CCIs, while 2008 business establishments data to analyze the geographical distribution of CCIs across the country.

2.1 Defining the Italian Creative Economy

Mapping the creative economy has been a puzzling and challenging issue in the last decade. Diverging classificatory criteria for drawing the boundaries of this fuzzy concept have generated considerable vagueness of definition in the policy and academic community. Traditional notions of cultural and creative products according to criteria of expressive value, intellectual capital, social meaning and semiotic content find today a counterbalance in other more functional objects and activities that nevertheless become culture laden and increasingly invested with symbolic and aesthetic value (Lash and Urry, 1994). As a result, the notion of creative economy has become a magmatic and evolving space, which deals with complex interactions between knowledge, culture, economics and technology. Depending on the approaches, it covers with different intensity an handful of productive and distributive sectors that range from audiovisual industries to fine arts, from advertising to craft and design-related industries.

Moreover, the metrics adopted to analyze the size and character of the creative economy may lead to even more confusion. Industry and occupational approaches may produce diverging estimates of creative employment - the most adopted unit of analysis - and provide biased pictures of the economic and organizational patterns of the creative economy ([Markusen et al., 2008](#)). The industrial classification systems include all workers of an economic sector, whether producing cultural and creative content directly or indirectly, while underestimate creative activities taking place in non creative sectors. On the contrary, occupational analysis provides a transversal picture of the creative workforce in all the businesses, but ignores the production-consumption chain of creative products, wherein non-creative workers are included. Crucially, as proposed by [Higgs and Cunningham \(2008\)](#) with the “Creative Trident approach”, combining the two metrics would provide a deeper analytical detail, but such methodological accuracy mostly depends on the availability of data.

To define the Italian creative economy we adopt the industry based approach defined as the Cultural and Creative Industries (CCIs) model. The model has been introduced in the Report “The Economy of Culture in Europe” by KEA (2006)

and is inspired to the “concentric circle model” proposed by Throsby (2001). Its main feature is that creative ideas and cultural goods originate in the core creative arts and cultural activities and that these ideas diffuse outwards through a series of layers or concentric circles, with the proportion of cultural to commercial content decreasing as one moves further outwards from the centre.

Table 1 presents the structure of the model and the Standard Industry Classification categories that describe the four layers of the creative economy. The core includes artistic productions and the activities of arts and cultural facilities. The second layer is represented by traditional cultural industries, such as Cinema, Publishing, TV and Radio, which transform cultural content into marketable products and services. Within this group, Software Publishing is the only sector that has been excluded due to measurement problems. For instance, notwithstanding an update of the Italian SIC codes in 2007, the data used in this work are still based on the former standard industry classification, which includes only a broad category of IT consultancy and thereby is not able to capture emerging businesses in software production, digital and multimedia design. Further, the third layer consists of Creative Industries, namely Architecture, Advertising and Design-based sectors. This group comprises both services-oriented and manufacturing activities which create products with functional purposes, but nevertheless are increasingly based on intellectual property and carry strong aesthetic content. Finally, the fourth layer refers to the related industries which support the different production chains of the creative economy.

The use of Standard Industrial Classification (SIC) has both advantages and limitations. The main advantage is that it potentially allows capturing value chain relationships among different economic activities ([Pratt, 2005](#)). Conversely, standard industrial classifications are poorly suited for accurately describing the creative economy and the five-digit level of definition may only in part improve the accuracy of sectors description. In many cases, several economic activities within the Creative industries do not have their specific category at all or some sectors are made up of collections of establishments whose outputs are quite disparate in terms of their creative attributes. Further, only the primary SIC code for each firm is counted in the census statistical collection ([Power, 2002](#); [Pratt, 1997](#)).

2.2 Geographical patterns methodology

In order to analyze the spatial distribution of the Italian creative economy we adopt two complementary approaches. First, cluster analysis is performed to identify spatial trends relatively to the sectors of the creative economy. Second, we test for spatial dependence of CCIs across space.

Cluster analysis refers to a general set of statistical techniques used to form homogenous groups of objects that are described by a variety of characteristics

Table 1: Cultural and Creative Industries definition: selected SIC codes

1. Core creative arts and cultural heritage		3. Creative Industries	
9250	Heritage and Cultural Institutions		<i>Advertising</i>
9231	Authors, performing artists	74401	Advertising agencies
9240	Journalists and news syndicates	74402	Advertising space services
9232	Operation of Arts and Cultural Facilities		<i>Architecture</i>
7481	Photographic Activities	74201	Architectural services
9234	Night clubs, circuses and other recreative activities		<i>Industrial Design Activities</i>
74876	Other services - organization of events	74845	Industrial Design Activities
2. Cultural Industries			<i>Fashion Design Industries</i>
	<i>Audiovisual</i>	19	Leather and leather products
9211	Film Production	1770, 18	Manufacture of clothing items and accessories
9212	Motion picture distribution	1710,1720, 1730, 1760	Textile mill products
9213	Cinemas	2452	Perfumes and cosmetics
9220	Radio and Television Production and Broadcast	3622	Jewelry, silverplate and plated ware
	<i>Publishing and Sound Recording</i>	3350	Watches and clocks
2210	Publishing	5116,5124, 5141,5142, 51478	Wholesale of textiles, leather, fur, clothing and footwear
2230	Reproduction of audio-video tapes and disks	51475	Wholesale jewelry and watches
51433	Wholesale of recorded and prerecorded media		<i>Furniture and Interior Design Industries</i>
52471,52472	Retail of books and newspapers	3650	Toys
52453	Retail of audio-video tapes	1751	Carpet and rug making
4. Related Industries		3150	Electric lighting equipment
3630	Musical Instruments	20301, 2812	Wooden and metal fixtures
24640	Manufacture of photographic chemicals	28751, 2050	Wooden and metal household furnishings
24650	Manufacture of unrecorded media	2861	Cutlery
32201, 3230	Transmitters, tv cameras, cameras and projectors	26152	Glass and glassware
2220	Printing and other related activities	26210, 2630	Ceramic tiles, pots and other utensils
		26702	Marble work
		5144,5115, 51471	Wholesale household furniture and furnishings
		51476	Wholesale of toys

Source: (KEA, 2006)

(Everitt et al., 2001). The optimal number of clusters is assessed through agglomerative methods which signal the most marked differences among potential clusters. In our case, the objects population is represented by Italian provinces (corresponding to NUTS 3) and their characteristics are the levels of specialization in the sectors of CCIs, assessed through location quotients (LQ)¹. Further, as agglomerative method we use the Ward’s minimum-variance method (see Appendix). According to the literature, this method appears to be superior to alternative algorithms and to provide more homogeneous clusters (Everitt et al., 2001; [Kronthaler, 2005](#))

It is worth noticing that our approach partly differs from the elaborate cluster mapping methodology proposed by [Porter \(2003\)](#), our approach is based on the identification of specialized production systems. We starts characterizing local production systems according to the extent to which they are specialized within a certain activity. Then, the cluster algorithm is applied to readily detect spatial trends of simultaneous specialization in cultural and creative sectors for the same area. As a result, our definition of cluster refers to a group of provinces sharing similar specialization levels, instead of being a geographic concentration of interconnected companies.

While cluster analysis is useful to detect homogenous groups of provinces with similar patterns of specialization, the second approach detects spatial dependence of CCIs across Italian provinces. We adopt two measures of spatial autocorrelation between the location quotients of CCIs on the basis of a spatial weight matrix tracking all the contiguities among the 103 provinces. First, the Global Moran Index provides a general measure of association of CCIs throughout the country and is defined as:

$$I = (n/S_0)(\sum_i \sum_j w_{ij} z_i z_j) / \sum_i z_i^2$$

where n is the number of observations, w_{ij} is the matrix of spatial weights, $S_0 = \sum_i \sum_j w_{ij}$ and z_i, z_j are the deviations from the sample mean. Positive values of the index indicate spatial clustering across provinces of specialization in the selected CCIs, while negative values indicate that adjacent areas have very dissimilar levels of specialization in the selected CCIs. Second, the local indicators of spatial association (LISA) provide insights at the local level by showing the tendency of

¹The location quotient compares the relative specialization of a place in an industry regarding the national average and is defined as:

$$LQ = \frac{E_{ij}}{E_j} / \frac{E_i}{E}$$

where E_{ij} is the number of employees in the industry i in a area j , E_i is the total number of employees in an industry i , E_j is the number of employees in a the area j , and E is the total employment in the country. $LQ > 1$ indicate that the concentration of an industry i in a place j is larger than the national average.

sectors to locate or not in neighboring provinces ([Anselin, 1995](#)). LISA are computed through a local Moran index where the population is a group of neighboring regions depending on a contiguity criterium.

NUTS 3 has been chosen as appropriate unit of analysis because it is likely to provide a balance between descriptive accuracy and statistical noise regarding the specialization of provinces in CCIs. For instance, larger geographical units can leverage out significant agglomerations located in specific places inside of them. By contrast, smaller units risk to be so fine-grained that even a relatively small concentration of workers in them might create statistical noise, resulting in location quotients larger than 1. Another appropriate unit of analysis would have been Local Labor Markets (LLM), which are based on the socio-economic organization of the territory rather than administrative definitions ([Lazzeretti et al., 2008](#)). However, for the sake of our research, NUTS 3 provides a proper breakdown of the whole country and is equally able to elicit the main geographical patterns of the CCIs.

3 Structure and evolution of the Italian creative economy

To describe the structure and evolving patterns of the Italian creative economy we use 1991 and 2001 census employment data. Although not recent, census data are useful to provide a more comprehensive view of the creative and cultural economic activities because they include self employed workers, the public sector and non-profit institutions, which are acknowledged to be relevant recipients of cultural and creative workers ([Markusen et al., 2008](#)).

As shown in Table 2, the CCIs in Italy account for about 10% of the total employment of the economy². While the Core creative activities and the Cultural Industries contribute with no more than 1%, the main sectors in term of employment are those classified in the Creative Industries, in particular Fashion, Furniture and Interior Design. These sectors account for more than one million workers both in 1991 and 2001. This outcome represents a peculiar trait of the Italian creative economy and reflects the well known specialization in craft industrial production, characterized by labor intensive and low technology sectors ([Scott, 2006](#)). However, the weight of this component in the creative economy may

²Even adopting the same approach, this figure seems challenging the estimates of the CCIs contribution to the Italian economy provided by (KEA, 2006). However, these figures may not be readily compared. Indeed, while we use census employment data, KEA (2006) uses a more updated but less complete dataset on businesses based on Eurostat and AMADEUS data and they estimate Turnover and GDP.

Table 2: Italian Cultural and Creative Industries: 1991-2001 employment data

	Employment 1991	Employment 2001	% over total employment 1991	% over total employment 2001	Var %
1. Core creative arts and cultural heritage	103.288	125.907	0,53%	0,65%	21,9%
2. Cultural Industries	150.366	150.773	0,77%	0,78%	0,3%
<i>Cinema</i>	9.722	27.372	0,05%	0,14%	181,5%
<i>Radio and Television</i>	29.981	27.547	0,15%	0,14%	-8,1%
<i>Publishing and Sound Recording</i>	110.663	95.854	0,57%	0,49%	-13,4%
3. Creative Industries	1.540.645	1.326.285	7,94%	6,83%	-13,9%
<i>Advertising</i>	40.768	52.322	0,21%	0,27%	28,3%
<i>Architecture</i>	47.349	63.068	0,24%	0,32%	33,2%
<i>Industrial Design Activities</i>	6.860	9.721	0,04%	0,05%	41,7%
<i>Fashion Design Industries</i>	1.131.459	896.240	5,83%	4,62%	-20,8%
<i>Furniture and Interior Design Industries</i>	314.209	304.934	1,62%	1,57%	-3,0%
4. Related Industries	165.429	148.444	0,85%	0,76%	-10,3%
Total	1.959.728	1.751.409	10,10%	9,02%	-10,6%

Source: ISTAT

be well overestimated. It is indeed very hard to determine whether every segment of the craft industries participates at the production of design-intensive and high-fashion output or low quality commodities with poor cultural and creative value. As a result, the Italian CCIs may be in the usual range between 4-6% found in other international studies.

The reconstructing patterns of employment over the period 1991-2001 shed a light into the performance and role of the creative economy. In general, these patterns are the result of technological change and organizational restructuring of the whole Italian economy that is common to other industrialized and developed countries in the post-fordist era (Pratt, 1997). A broader employment decline has indeed occurred in those industries mostly relying on manufacturing activities while there has been an increase in service-based sectors. This evolution is expressed here by an overall increase of Core creative activities (21.9%), a stable trend in Cultural Industries employment (0.3%) and a decline in the Creative Industries (-13.9%), where manufacturing activities of design-based products are included. Such aggregate figures, however, do not reveal the diverging trends across the sectors, in particular the marked performance of those economic activities that contribute with an higher proportion of creative and symbolic assets to the production, transmission and provision of creative goods and services.

For instance, the Core creative layer has experienced a surge occupations as Authors (59.5%) and Journalists (78.1%). Further, activities engaged in the provision of cultural experiences and entertainment have generally surged, with a consistent

increase in Night Clubs (33%) and Heritage and Cultural Institutions (19%). Disaggregating the latter category into respectively Museums, Libraries and Botanical Gardens, the lion's share of employment growth is due to the museum sector. Both public and private institutions have indeed improved access to cultural heritage through expanding the offer of temporary exhibitions and reopening to public of museums³ (Bodo and Spada, 2004).

As for Cultural Industries, the stability in employment between 1991 and 2001 is the outcome of two main diverging trends. Jointly with a decline in Radio and Television activities (-8.1%), the Publishing industry experienced a remarkable drop in employment, with the loss of more than 10.000 workers, mainly due to the introduction of desktop publishing technologies and the outsourcing of labor-intensive activities in the publishing chain (Bodo and Spada, 2004). This trend however has been completely offset by the striking growth in the Movie industry (181.5%), spurred by both institutional factors and positive demand shocks, which have stimulated all the stages of mass distribution and final consumption in the production chain (Zagarrio, 2000).

Finally, the decline of workers in the Creative Industries points out differences in performance between manufacturing and service-based sectors. For instance, there has been a consistent growth in employment for service-based creative industries, namely Advertising (28.2%), Architecture (33.2%) and Industrial Design (41.7%). By contrast, with the exceptions of few sectors, almost all the manufacturing and wholesale activities included in the Creative Industries have experienced a decline in employment. Most of such decline is due to the massive collapse of employment in the clothing, footwear and textile industries (-235,000 workers) and, at the lower degree, in the furniture and fixture industries (-10,000 workers). Due to the globalization of trade and production, these low technology and labor-intensive industries are experiencing a global shift of jobs away from high-wage countries toward low-wage economies (Gereffi and Korzeniewicz, 1994; Hanzl-Weiss, 2004). Italy is not an exception. Despite the rough figures do not reveal much about the restructuring strategies of the businesses - such as outsourcing and subcontracting arrangements - evidence can be provided suggesting that the decline in employment is mainly due to the delocalization of low skilled workers or low quality manufacturing activities. For instance, although a decrease in the exports volume, the export unit values for the Italian products in the clothing, footwear, jewelry, furniture and ceramic tile sectors have experienced a substantial growth

³Conversely, among those cultural entertainment activities, Operation of Arts and Cultural Facilities is the only case of employment decline (-47%). This figure should not be wholly treated as reliable. Rather, it should be treated as merely indicative of a more complex trend for the occupations in the theater sector. Indeed, despite an increase of the workers during the period, the employment in the theater sector has become less secure, with a relevant growth in part-time and temporary jobs (Bodo and Spada, 2004).

([Lissovolik, 2008](#)). This trend denotes either a strategy of quality upgrading of production or the exit from the national scenario of producers that adopted low-end strategies based on costs reduction and price competition, rather than based on design and image promotion. Another example supporting this point is represented by the Italian jewelry sector, which has grown in terms of employment because it has almost exclusively relied on product design and quality upgrading strategies ([Gaibisso, 1996](#)). Further, the employment upsurge in the category of industrial designers might provide additional hints of the restructuring path towards high quality production undertaken by Design-based creative sectors. As a result, Italy appears to retain employment in those segments and activities whose outputs consist of high-end, high fashion items that tap into the international imaginary of Italian design and command premium prices ([Reimer and Leslie, 2008](#)).

4 The geography of the Italian creative economy

Addressing the geography of the Italian creative economy, the main challenge is to understand how the nature and characteristics of the CCIs affect their spatial distribution and co-location patterns.

While it is widely recognized that service-oriented creative activities tend to locate in metropolitan areas due to economic opportunities resulting from urban densities and infrastructures ([Mommaas, 2004](#); [Scott, 2000](#); [Florida, 2004](#)), design-related industries express a more diversified geographical pattern of localization. Such diversification is due to the dual nature of design production, that is particularly evident in the Italian case. On one hand, this group of creative industries expresses a strong manufacturing character, based either on traditional artisanal skills, craftsmanship or industrial techniques for the production of physical objects. On the other hand, design processes and innovation are vital ingredients for the intangible and culture-laden qualities of such physical goods.

As a result, design and manufacturing activities may follow similar or different geographical patterns of localization, but their interrelation is crucial to enable the emergence of creative and competitive systems of design related industries ([Scott, 1996](#); [Leslie and Reimer, 2006](#)). Whilst manufacturing activities tend to locate in the form of specialized industrial districts, design emerges from more complex and intangible interactions between actors located in different sites along the production pipeline ([Sunley et al., 2008](#)). In many cases, manufacturing is in the same site where the design labor process takes place, either in the form of specialized in-house departments or in the form of diffused design know-how and craftsmanship. However, design is increasingly external to the manufacturing process and becomes an independent activity through consultancy services that tend to locate in the creative milieu of metropolitan areas ([Hutton, 2000](#); [Leslie](#)

and Rantisi, 2006; Verganti, 2006).

In order to capture such spatial patterns, we perform cluster analysis using data on the number of firms in 2008⁴. As compared to census data, these data provide a more up to date picture and a more reliable measure to detect the presence of creative clusters. As we are mainly interested in discovering whether traditional manufacturing industrial districts are evolving towards creative systems of design, we classify Italian provinces according to their specialization in three different groups: i) Content and service-oriented creative industries, ii) Craft based creative industries and iii) Industrial Design activities. Content and service-based creative industries are defined as those sectors grouping the activities in the Core layer, the Cultural Industries and the service-oriented creative industries (Architecture and Advertising). As pointed out by [Lazzeretti et al. \(2008\)](#), this group of creative sectors expresses an urban nature as they tend to cluster in the largest urban agglomerations. Craft-based creative industries are expressed by the manufacturing sectors of Fashion, Furniture and Interior Design. Finally, isolating Industrial Design activities is useful to identify either the emergence of local systems of design-intensive sectors within manufacturing districts or the metropolitan character of such innovative and service-oriented activity.

Using Ward's minimum-variance method (see Appendix) six clusters are identified according to the LQ values. From Table 3, it is worth noticing how the degree of specialization varies for the selected creative activities. For instance, the distribution of location quotients for Industrial Design and Craft Industries registers a greater degree of variation than that for Content and service-based creative industries, suggesting stronger differences among provinces in the former two variables. Further, the F values⁵ provide information about the homogeneity of the individual groups. Because an $F < 1$ indicates homogenous groups, clusters 1 and 4 seems to be not homogeneous. However, it should be noted that these clusters have a higher variance because they include some outliers with location quotient values far above the national mean.

The spatial distribution of clusters in Figure 1 offers an interpretative framework able to elicit the most peculiar features of the creative economic systems in the country. First, Cluster 1 confirms the geographical localization of Content and service-based creative industries in the metropolitan and most densely populated areas of the country, such as Milan, Rome, Torino, Bologna and Genova. This cluster includes 9 provinces and it is characterized by a high concentration of Content

⁴The data are obtained by the Italian National Register of Chambers of Commerce, Unioncamere.

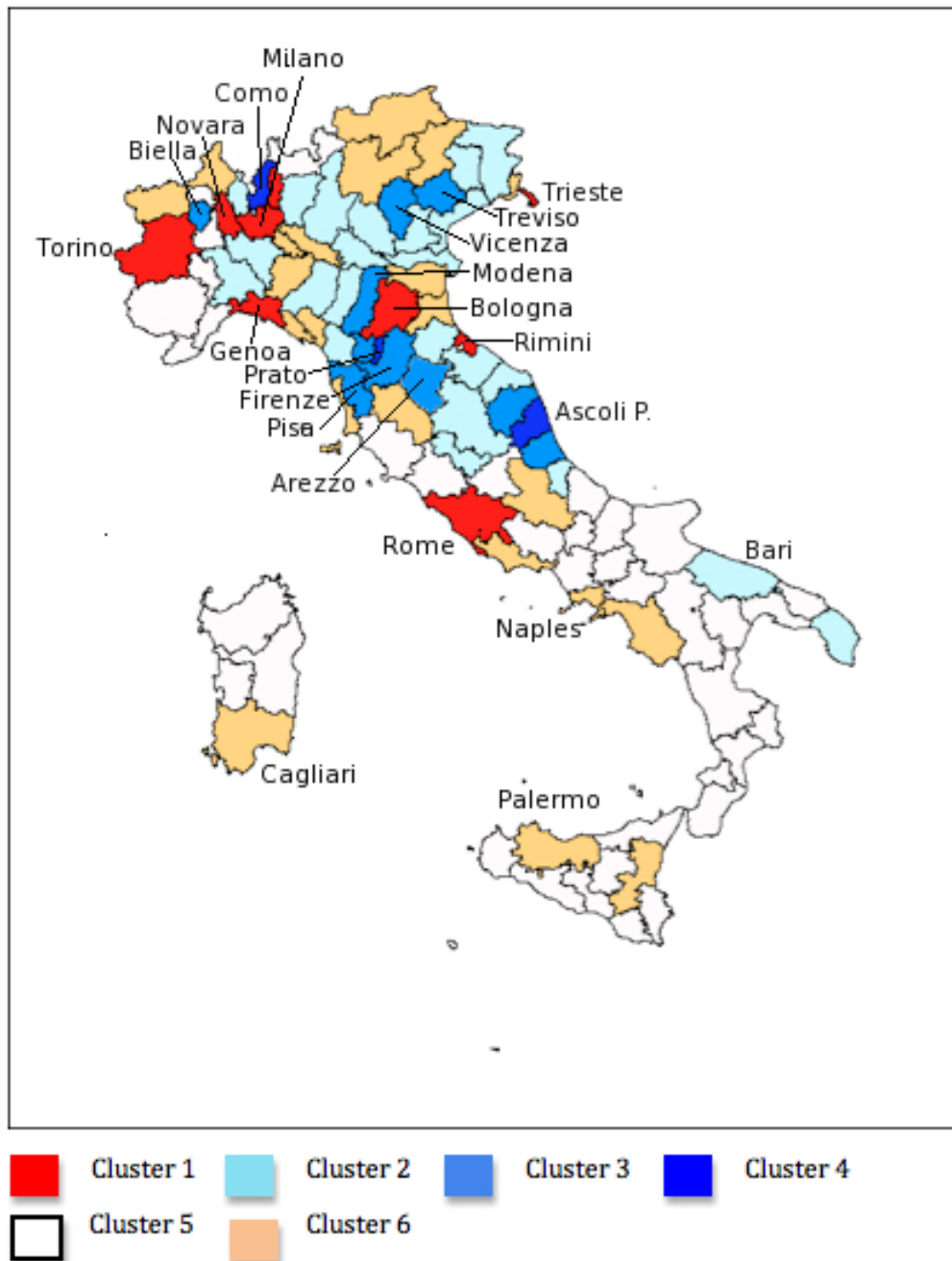
⁵A F - value is the quotient of the variance of a variable within the cluster and the variance of the variable in the population.

Table 3: Clusters of Cultural and Creative Industries

		<i>Cluster Variables</i>			<i>Additional Variables</i>		
		LQ Content Industries	LQ Industrial Design	LQ Craft Industries	Population Density	Income per capita (000s)	% of foreign population
Cluster 1 N=9	Mean	1,411	1,074	0,739	683,39	26.729,00	5,18
	s.d	0,394	0,402	0,187	553,37	3.494,44	0,78
	F	1,890	0,170	0,047			
Cluster 2 N=23	Mean	0,865	1,124	1,166	237,12	23.088,00	5,06
	s.d	0,143	0,393	0,253	141,01	3.829,35	1,93
	F	0,244	0,163	0,087			
Cluster 3 N=9	Mean	0,833	2,053	2,125	237,20	23.597,00	6,05
	s.d	0,200	0,475	0,393	80,42	3.207,77	1,61
	F	0,488	0,238	0,210			
Cluster 4 N=3	Mean	0,870	4,983	4,087	435,58	22.475,00	5,75
	s.d	0,216	1,749	2,859	244,13	1.557,40	2,13
	F	0,573	3,222	11,073			
Cluster 5 N=37	Mean	0,541	0,309	0,625	128,79	16.399,00	2,19
	s.d	0,082	0,292	0,403	65,64	3.605,64	1,59
	F	0,085	0,090	0,220			
Cluster 6 N=22	Mean	0,816	0,478	0,633	280,04	20.949,00	3,71
	s.d	0,074	0,205	0,190	533,09	4.300,96	1,72
	F	0,073	0,044	0,049			
Total N=103	Mean	0,783	0,882	0,990	252,156	20573,737	3,861
	s.d	0,287	0,974	0,859	336,404	5040,327	2,160

Source: 2008 firms, Italian National Register of Chambers of Commerce - Unioncamere

Figure 1: Spatial Distribution of Clusters



and service-oriented creative industries, coupled with a weak but still noticeable specialization in industrial design activities. The most illustrative cases for such cluster are the provinces of Rome and Milan. Rome has a strong specialization in Content and service-oriented creative industries (location quotient = 2.11) and a low presence of both craft industries and Industrial Design activities (location quotient = 0.588). By contrast, Milan shows a strong specialization in both industrial design and Content and service-oriented creative industries (location quotients are respectively 1.9 and 2.4).

Second, clusters 2, 3 and 4, with increasing levels of LQ average values, show a specialization in both craft-based industries and industrial design activities. These clusters are clearly rooted on the path-dependent formation of industrial and manufacturing districts in the well known Third Italy of Emilia Romagna, Tuscany, Veneto and Marches ([Bagnasco, 1977](#)) and in the north western regions of Piedmont and Lombardia⁶. The concentration in industrial design activities points out how the areas with the highest specialization in craft-based creative industries have been able to develop knowledge intensive and creative processes which sustain the production of creative and culture-led products. The transition from traditional craft skills to design innovation seems particularly relevant looking at the restructuring process of many sectors and the consequent loss of employment that have occurred in the craft-based industries. Arguably, this restructuring process is driven by a change in the competitive strategies and the structure of Italian industrial districts. Greater demand fragmentation, the continuous seeking of new niches, and the closing off of low-price markets by low-wage competition have pushed firms to seek a higher intrinsic quality of production based on design innovation ([Menghinello, 2003](#)). Moreover, the local capitalism marked by industrial districts is evolving with new emerging productive hierarchies that are more likely to adopt design innovation as a competitive strategy. The emerging structure is indeed led by more internationally oriented and structured corporate groups within the district, which compete in international markets and coordinate production relations across multinational networks ([Brioschi et al., 2002](#))

Third, cluster 5 and 6 include provinces with no specialization in all the considered creative sectors. Crucially, the spatial localization of such clusters indicate a marked biased distribution of the creative businesses between the south and the center-north of the country. Such an unbalance seems to reflect the general pattern of the Italian economy, where the center and north of Italy are the most dynamic

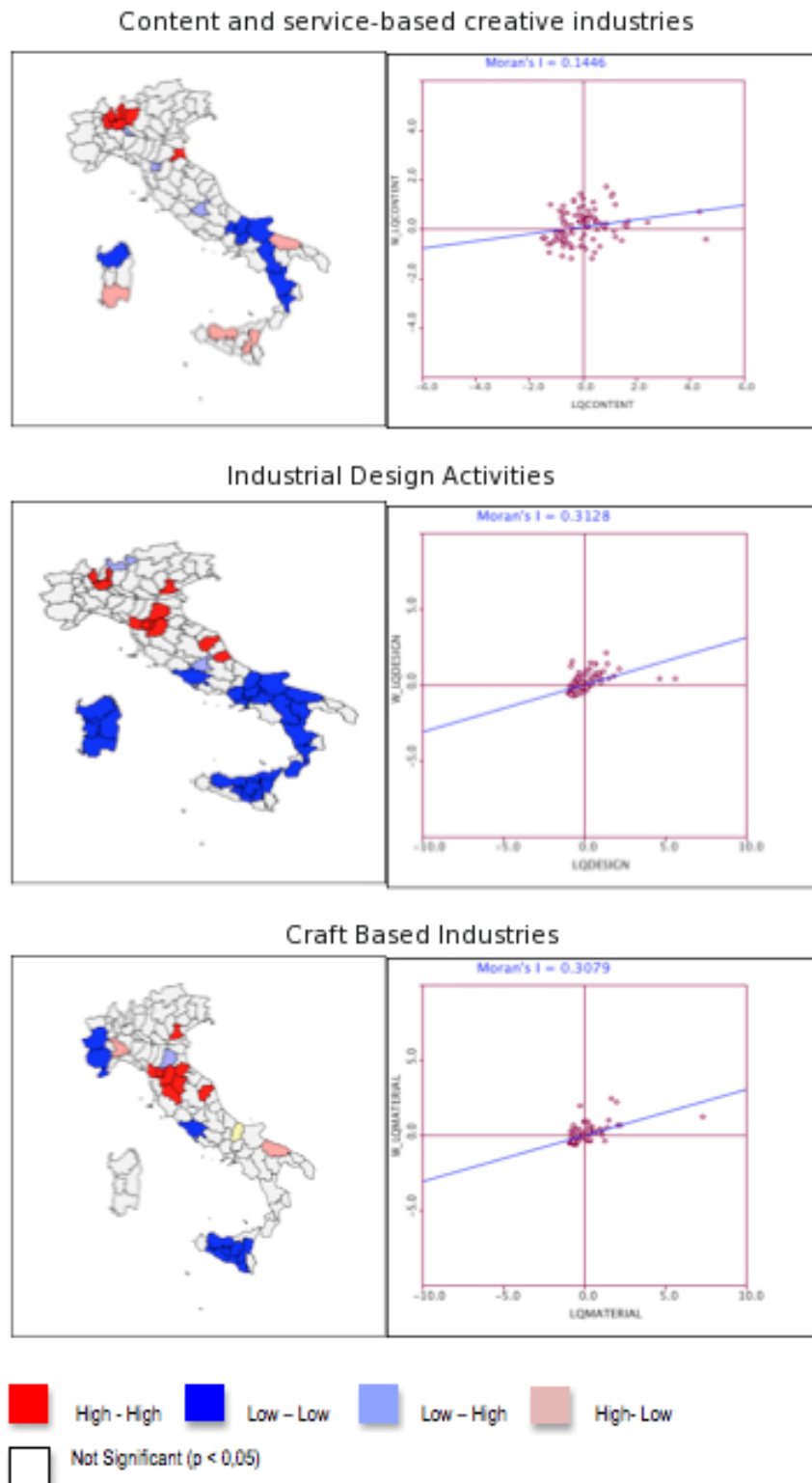
⁶From Figure 1, the provinces grouped in cluster 3 and 4 are those hosting the industrial districts of textile and clothing of Biella and Como; the textile, sport footwear, glass frames, jewelry and furniture manufacturers in the provinces of Treviso and Vicenza; ceramic tiles production in Sassuolo, nearby Modena; the shoes, clothing, furniture and leather products productive platform of Adriatic Marches (Pesaro, Ascoli, Macerata); and finally Tuscany with the textile complexes gravitating around Prato and the jewelry district of Arezzo.

economic regions with higher levels of income per capita and foreign population. In particular, it is remarkable to notice that even large urban centers in the south (for example, Naples is the third most populated city in the country) are far from taking a vital role into the creative economy. Although with a different classification of the Italian creative economy, this result is also confirmed by [Lazzeretti et al. \(2008\)](#).

The spatial dependence analysis both supports and extends the results emerging from the cluster analysis. The spatial autocorrelation of LQ values in Content and service-based creative industries is positive (0.1446) but lower than those for Craft industries and industrial design activities, that are respectively of 0.3128 and 0.3079. Looking at the Moran scatterplot, this result is due to the presence of provinces with spatial association of greater dissimilar values (lower left and upper right quadrants). That is, for Content and service-based creative industries there are more provinces with high (low) values of location quotients surrounded by neighboring areas with low (high) values. By contrast, the concentration in industrial design activities and craft industries tends to have a stronger spatial association, whereby neighboring areas are more likely to share either high or low values of location quotients. These results should be interpreted by considering that provinces with metropolitan areas specialized in Content and service-based creative industries are more scattered across the country, whereas the concentration of industrial design activities and craft-based industries is more homogeneously spread in the center and north part of Italy.

Further, the maps of local indicator of spatial association (LISA) highlight the most relevant local patterns of concentration between provinces. Even if a large part of reported LISA are not significant, it should be noted that the significant spatial clusters shown on the LISA map refer to the core of the clusters. Not surprisingly, the majority of clusters characterized by a high level of creative industries positively related with neighboring areas are located in the center and north part of Italy. More interestingly, while the spatial clusters of industrial design and craft industries tend to overlap in the area of the Third Italy (Marches, Tuscany, Emilia Romagna and Veneto), there is an overlapping spatial cluster in industrial design and Content and service-based creative industries in the metropolitan area of Milan and the neighboring provinces. Recalling from the previous cluster analysis that several neighboring provinces of Milan have also a strong specialization in craft industries, this territorial system seems to express a meta-cluster of metropolitan and regional creative systems (Goldfeld, 2007). It is indeed the only spatial structure in Italy capable to connect a leading creative metropolitan area with the neighboring specialized agglomeration of craft-based industries. Arguably, being Milan the main center for knowledge-intensive activities of the Italian creative

Figure 2: Local and Global Indicator of spatial association of creative industries



economy and the most active hub of global and local flows of design innovation, this city is likely to be at the center of a more complex and extended mega-region. This geographic configuration reflects into a dispersed but highly interconnected conglomerate of creative activities, where the boundaries between metropolitan and non metropolitan spaces tend to disappear. In order to better understand such a phenomenon a deeper analysis of intra-firm and inter-firm linkages within the cultural and creative products' pipelines may be required.

5 Conclusion

The paper has presented an overview of the structure, evolution and geography of the Italian creative economy. In particular, the results bring the Italian experience into the creative economy debate by providing useful insights as to conditions and relationships that make metropolitan and non metropolitan areas emerge as leading centers of creative and cultural industries. The post-Fordist changes occurred in the last decades are restructuring economic spaces, production and distribution relations as well as modifying consumers' behavior. Even though Italy is following the same post-Fordist trajectory undertaken by other advanced economies, the country is still one of the few developed economies to be highly specialized in craft-based and low-technology products, such as fashion and furniture. Interestingly, this leads to a marked role of the design and craft-based industries and affects the geographic distribution of the creative economy across the country.

Using the Cultural and Creative Industries (CCIs) approach and based on both census employment data and firms data provided by the Italian National Register of Chambers of Commerce, the results have shown how the geography of the creative economy in Italy represents a clear case of divergent spatial patterns. In line with the creative industries literature, employment and firms data confirm a growing economic appreciation of content and service based creative industries and their agglomerating tendency in large urban centers. However, when turning on design and craft-based industries, the Italian experience shows a more complex pattern of geographical localization that challenges the deeply embedded notion in the creative industries literature that creativity and cultural production are mainly associated with large metropolitan centers.

While design activities have appeared also in large urban centers, data show the emergence of local systems of design activities within the traditional centers of craft production, in particular located throughout the municipalities of Third Italy. The result stresses the territorial origins of design and craft-based production (Molotch, 2002) and suggests a transition in the competitive strategies of Italian industrial districts from traditional craft skills to design innovation processes. This geographic peculiarity eventually finds its synthesis in the creative meta-cluster of

Milan, where industrial design and Content and service based creative industries coexist with a suburban milieu of manufacturing complexes with their own local system of industrial design activities.

Given this evidence, it is worth asking whether Italy may be representative of a European model of creative economy or there exists a real distinctiveness. Arguably, Italy is not likely to express a different model as compared to other European countries. Italian CCIs have experienced indeed similar restructuring and evolutionary patterns in term of employment during the period 1991 and 2001. Further, the largest metropolitan areas still remain the main loci of CCIs at the national level. Rather than a distinct model, the Italian case shows a different balance in the importance of the individual sectors of the CCIs. In particular, craft-based and design intensive sectors concentrated in non metropolitan areas still represent a relevant part of the Italian economy. At the European level, crafts and artisanal production occurring in rural communities and small municipalities have always been present in many regions, but were usually treated as negligible for the economy or undervalued by policymakers. As a result, many European countries may face today the challenge of revitalizing craft and design based productions in rural areas as creative economic sectors in the same way as Italy is facing the challenge of transforming its industrial districts into creative systems of design products.

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