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**The difference that place makes: a case study of selected
creative industry sectors in Greater Manchester**

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Submitted for the degree of

Doctor of Philosophy

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May 2010

‘A place that, like a mirror, makes you see’
U. A. Fanthorpe

Abstract

Broader transformations in the economy are linked to a changing spatial organisation for economic activity, particularly in industries imbued with a high creative content, although there are competing explanations regarding the nature of this logic. This thesis explores the ways in which space and place matter to the creative industries sector. In particular, it examines the logic guiding concentration in the centre as opposed to decentralisation to more peripheral sites within a transforming regional city negotiating its place in the knowledge economy. There has been a significant policy thrust from formerly industrial cities to build a share in this sector, often touted as a panacea for urban decline, but critical evidence regarding the possibilities for this is hard to find.

The research employs a mixed methods approach, which is applied to the case study of Greater Manchester. The study firstly probes the spatial pattern of creative industry activity there and selected two sectors with a somewhat different distribution: advertising, and film and television. Contextual information is gathered from a range of documentary evidence. Semi-structured interviews with 28 firms and 18 policymakers and other stakeholders are used to probe the determinants affecting the decisions regarding firm location.

Three dominant determinants of location were identified by the research: the availability and cost of space, place reputation and transport connectivity. The empirical findings further suggested that there were a set of firm characteristics guiding location choices relating to the size, profile, age and activities of the firms. It was found that the city centre still provided a considerable pull related to traditional agglomeration advantages, including access to skilled labour and strong transport connectivity, as well as a sense of place brand. Location outside the city centre was chiefly prompted by the cost and size of business premises or was made possible by the place reputation advantages not holding for more routine, less growth-orientated or locally-focused firms. The study also identified evidence of displacement and industrial gentrification and the recent regeneration of the city centre had exacerbated these processes. There was some divergence from the existing literature regarding the importance of proximity for knowledge sharing and spillovers, for which little evidence was found by the interviews.

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Acknowledgements

There are a number of people I would like to thank and without whom this work would not have been possible.

A special thank you is due to my supervisor Professor David Adams whose support has been invaluable and given me confidence to participate actively within an academic context. I would also like to thank Professor Ivan Turok whose insight has helped me drive the work forward beyond my original expectations. The Department of Urban Studies and, in particular, the Urban Change and Policy Research Group, have provided a great learning environment. Sincere thanks also to my zeitgeist office mate Kirsteen Paton without whom this process would have been a lot less bearable. I am also very grateful to Darran Dunsmore for his help with the maps included in this thesis. Acknowledgement must also go to the ESRC for funding this research as part of a 1+3 scholarship.

I owe a great debt to my family and friends who have been neglected and, quite frankly, put upon, especially during the final stages of this work. To my parents Marilyn & Tony and sister Victoria for always making a homecoming welcome. To my friends for providing frequent and welcome distraction. To the Montague Massive for being my home from home for so long and finally to Donald who kisses my days. I'll make it up to you with a million steak McCoys.

This thesis is dedicated to my parents. Its completion is testimony to their unfaltering love, patience and support.

Author's declaration

I declare that this research embodies the results of my own special work, that it has been composed by myself and that it does not include work forming part of a thesis presented successfully for a degree in this or another University.

Signed

Date

Abbreviations

ABI	Annual Business Inquiry
BBC	British Broadcasting Corporation
CBD	Central Business District
CCR	Core Cities Group City Region
CIDS	Creative Industries Development Service
CRDP	City Region Development Plan
DCMS	Department of Culture, Media and Sport
DoE	Department of the Environment
DTI	Department of Trade and Industry
GDP	Gross Domestic Product
GM	Greater Manchester
GVA	Gross Value Added
ICT	Information and Communications Technology
IDBR	Inter Departmental Business Register
IP	Intellectual Property
IPA	Institute of Practitioners in Advertising
LDA	London Development Agency
LFS	Labour Force Survey
MIDAS	Manchester Investment Development Agency Service
MIER	Manchester Independent Economic Review
NESTA	National Endowment for Science, Technology and the Arts
NOMIS	National Online Manpower Information Service
NS-SEC	National Statistics Socio-economic Classification
NWDA	North West Regional Development Agency
NWRIU	North West Regional Intelligence Unit
ODPM	Office of the Deputy Prime Minister
ONS	Office of National Statistics
R&D	Research and Development
RDA	Regional Development Agency
SIC	Standard Industrial Classifications
SMEs	Small to Medium Sized Enterprise
SOC	Standard Occupational Classifications
TTWA	Travel To Work Area
UA	Urban Area
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
US	United States of America

1 Introduction

1.1 Background to the study

With his 2006 book Friedman proclaimed ‘The world is flat’. Increasing globalisation and communications advances, he asserted, have reduced the ‘friction of distance’ allowing products to be traded globally. The transformation to a knowledge economy¹ is regarded as part of this shift. Some like Friedman suggest this may have reduced the ‘power of place’ (Cairncross, 1997; O’Brien, 1992), whilst others think that this has intensified the role of geography. Instead of becoming ‘flatter’, it has been claimed that the global economic landscape has become ‘lumpier’, heightening the role of ‘place’ (Christopherson et al, 2008). Although some dispersion has occurred, economies of centralisation and agglomeration seem to have brought the knowledge economy ‘back to earth’ (Pratt, 2000). Castells (2000) further emphasises that the emergence of a ‘space of flows’ is not placeless. Beyond the advantages of a global city, other economies including those of regional cities act as nodes linked into the global economy. Each node requires infrastructure to do this including support services, a specialised labour pool and a system of services to meet the needs of skilled workers (Castells, 2000).

Research has linked economic competitiveness in the new economy to the spatial organisation of the firm. There is a focus on key theories about the drivers that encourage co-location amongst knowledge-based firms (Castells, 2000; Hall and Pain, 2006; Porter, 1998a, 1998b; Scott and Storper, 2003; Taylor, 2004). Advantages of agglomeration relate to the range of economies that can be derived from spatial concentration and proximity. Productivity is raised by market size, larger local labour markets and knowledge spillovers (Gordon and McCann, 2000; Markusen, 1996; Polese and Shearmur, 2004; Scott and Storper, 2003; Turok, 2005). Theories of clustering are also used to expand arguments surrounding the importance of physical concentration and proximity in the knowledge

¹ The knowledge economy is a term that refers to a rising role of information within the economy and a move to more professional, managerial and associate professional employment away from manufacturing and industry. The concept was popularised by management theorist Peter Drucker, who used the term in his 1968 book, *The Age of Discontinuity*. It is associated with the impacts of globalisation and information technology with the implication that knowledge can be passed over large distances via electronic networks. Within the UK, the regeneration of areas which have suffered as a result of deindustrialisation has focused on how they can negotiate a position within a more knowledge-based economy and cities have been emphasised within these accounts (ODPM, 2004).

economy. Despite a wealth of research in this field (Amin, 1999; Porter, 2001; Saxenian, 1990), ambiguity surrounding the nature, scale and intensity of a successful cluster can be identified (Malmberg and Maskell, 2002; Turok, 2003). Most arguments focus on the importance of face-to-face meeting for the transmission of tacit knowledge and engendering trust (Hall and Pain, 2006; Morgan, 2004; Scott, 2001; Storper and Venables, 2003). Nonetheless, a complex balance is to be struck between the benefits of strong local networks and the requirement for firms to be outward-looking and defend against inertia (Antcliff et al, 2005; Bathelt et al, 2004; Gordon and McCann, 2000).

The renaissance of cities (Parkinson et al, 2006) can be linked to this economic transformation. A renewed focus on the regeneration of city centres has resulted in physical transformation and a resurgence in residential development, linked to increasing appeal for city living (Nathan and Urwin, 2006; Turok, 2008). Quality-of-place advantages have also been tied to economic competitiveness, while the proposed benefits of providing an appealing environment for skilled workers have been politically seductive (for example Florida, 2002). Nevertheless within the UK, great disparity has emerged as a result of success in the knowledge-based economy in London and the South East compared with the rest of the country (Turok, 2008). In particular, there are problems of congestion and over-development in the South East and problems of economic under-performance in the Northern cities (Convery et al, 2006).

The creative industries sector well exemplifies the increasing role of knowledge in the economy. It has been classified as one of four key groups of advanced service activity, which also includes finance and business services, 'command and control' functions and tourism (Hall and Pain, 2006). The value of the creative product is located in its aesthetic 'sign value' rather than solely utilitarian functions (Scott, 2004). The sector is firmly on the UK policy agenda (DCMS, 1998, 1999, 2001). Beyond pointing to the growing economic weight of the creative industries, advocates stress their potential for regenerating the post-industrial city. As Hutton (2009: 987) describes, the sector "can be seen as phoenix rising from the ashes of traditional manufacturing, light industry and engineering sectors". These proposed 'spillover' effects are often associated with city renaissance in the context of significant economic transformation in the latter half of the twentieth century. The externalities include contributing to liveability and increasing the quality-of-life advantages associated with city-centre consumption opportunities (Arora et al, 2000; Florida, 2002; Landry, 2000; Markusen and Schrock, 2006).

The existing literature suggests that the creative industries have a particular spatial logic. As in the wider knowledge economy, co-location is thought to be preferenced and the structure of the sector is suggested to make this pattern even more dominant (Ekinsmyth, 2002; Evans and Shaw, 2004; Mommaas, 2004; Wu, 2005). The precarious nature of employment and organisational structures in this sector, together with its domination by small firms, mean that the ability to work flexibly is at a premium (Banks et al, 2000; Frontier Economics, 2006; Rantisi et al, 2006). Spatially, this is associated with co-location in areas where historically space was cheap, fostering the development of a 'creative milieu' (Helbrecht, 1998; Hutton, 2004; Leadbeater, 1999; Markusen, 2006; Rantisi et al, 2006; Scott, 2001; Zukin, 1988). In terms of the spatial organisation of the sector, research has tended to focus on the context of global cities and clusters of activities (Hutton, 2006; Zukin, 1988). Waitt and Gibson (2009: 1224) suggest empirical accounts of the geography of the creative industries sector have tended to focus on the large metropolitan centres as "the seemingly natural 'cores' of creative activity".

On the other hand, the creative industries do also appear subject to dispersion forces. Gentrification can threaten development within the sector as it tends to undermine the sustainability of the cheap spaces of a creative milieu (Barnes and Hutton, 2009; Hutton, 2009; Pratt, 2009; Zukin, 1988). There are also deficiencies within the current state of knowledge about the creative industries, which pose challenges for research. In conceptual terms, there is contention regarding their definition and treatment as a homogenous group, particularly in terms of what activities should be included within it (Flew, 2002; Galloway and Dunlop, 2007; UNCTAD, 2008). The historiography of the development of the term 'creative industries' in the UK and its corresponding breadth of inclusion of industries has been the source of much discussion. Some see this as an attempt to overstate the economic weight of the sector and overemphasise its homogeneity for purposes of political expediency and instrumental gain (Oakley, 2004; Selwood, 2006). A corollary of this is that measurement of the sector is quite difficult. There are gaps in data provision and significant problems arise from the outmoded nature of existing statistical classifications.

The present study aims to contribute to knowledge relevant to several research agendas. In reviewing the creative industries, it provides additional knowledge regarding the characteristics and corresponding spatial behaviour of the sector. Secondly, it contributes to the existing economic geography literature, notably in relation to the factors that guide firm location in the 'new' economy. Thirdly, in order to widen the spatial focus of the mainstream literature beyond its preoccupation with global cities and other major clusters,

this study takes the case of a regional, post-industrial conurbation which has undergone substantial regeneration in recent years. The thesis examines the way in which space and place matter to selected creative industries within the Manchester conurbation. In particular, it investigates the attraction of the city's centre relative to the rest of its conurbation for firms in two sectors with different degrees of geographical centralisation, namely advertising and film and television.

1.2 Aim and approach

This study's principal aim, therefore, is to contribute in our understanding about the spatial behaviour of firms in the creative industries sector of the economy. The empirical research carried out for this study seeks to determine whether there is a dominant spatial logic guiding the organisation and development of the sector within the context of a regional (i.e. non-global) city like Manchester.

To focus the investigation, a set of three main research questions were developed at the outset.

1. What is the spatial pattern of development for the selected creative industry sectors in the case study area, especially how concentrated are they on the city's centre as opposed to the other parts of its urban area?
2. What are the dominant determinants of firm location in the case study area for the selected sectors?
3. Are there common characteristics possessed by the firms that make them behave in similar ways in relation to space and place?

These research questions were crucial in informing the study's data needs and the methodological tools used in it. A wide range of literature was explored in order to build up a theoretical framework to structure the research and conceptualise a framework of factors which may be important in the location decisions of creative industry firms. The research adopted a mixed methods approach in order to encourage reflexivity and a more iterative process. Quantitative data was used to identify the spatial patterns of creative

industry organisation and to help determine the choice of two sectors to be investigated further. The majority of the study, however, was qualitative in nature and designed to uncover further patterns and probe their rationale. Semi-structured interviews were used to elucidate both the reasons determining firm location and the dominant interactions being undertaken by the firms. The primary information collected from the interviews was analysed alongside contextual intelligence gathered from documentary research and the secondary literature.

1.3 Structure of the thesis

The remainder of the thesis comprises nine chapters. In terms of overall structure of the rest of this thesis, Chapters 2 to 4 review the existing state of knowledge and provide the foundation for the theoretical framework of the study. Chapter 5 sets out and justifies the methods used to collect and analyse the data, while Chapters 6-9 present the empirical findings of the research and Chapter 10 draws the main results together and discusses their significance and implications.

In more detail, as regards the three chapters that describe and assess the state of the existing knowledge, Chapter 2 begins by exploring the transformations in the economy which have taken place in the past half century. It reviews theories of economic geography relating to the forces acting on firm location. It is suggested that, despite a reduction in the importance of distance due to technological and communications improvements, the 'power of place' is still important. Concepts from the broader economic geography literature relating to the propensity for knowledge-based firms to co-locate are examined first, followed by a look at the forces seen to prompt the disagglomeration or dispersal of firms.

Chapter 3 provides an introduction to the particular knowledge-based sector that has been selected for this study, namely the creative industries. It looks at how the salience of this sector has risen in the last ten years and outlines the proposed benefits and advantages of the sector, including its economic weight and its contribution to regeneration. The discussion of these benefits is nuanced by some of the challenges facing the sector. The chapter goes on to look at three of the common characteristics within the creative industries which may influence spatial organisation, namely relating to their product, their

organisational structure and the nature of their employment. Much is found to depend on how the creative industries are defined. The chapter therefore explores alternative definitions and the corresponding difficulty of measurement to provide a background to some of the problems facing the researcher.

Developing from these two chapters, Chapter 4 interrogates the existing literature regarding the spatial logic of the creative industries sector. It begins by exploring why co-location is so commonly associated with the sector, looking at the reasons which have been put forward to explain clustering. The chapter goes on to review the benefits of a 'creative milieu', identifying the emphasis which the literature places on the importance of local contextual features. At the other end of the spatial scale, the importance of tapping into global networks is examined. The chapter then turns to the dispersion forces which may affect the propensity for creative firms to co-locate, including congestion, lack of space and reduced liveability. Finally, the chapter seeks to summarise the forces and processes likely to influence the spatial organisation of the creative industries. This information is used to justify the topic of the present study and to set up its research questions.

Turning to the research approach and methodology, Chapter 5 begins by outlining and justifying the use of a mixed-methods approach. The opportunities provided by using both qualitative and quantitative data are reviewed. The use of a case study is also justified and defended against challenges regarding external validity. In terms of the selection of methodological tools, the structure of the study is laid out with focus on the stages of the research, beginning with the literature review. Next, the choice of the case study area is given alongside the range of criteria used to determine its selection. The choice of case study sectors follows this and the process and challenges of the quantitative data collection are explained. The rationale for the use of semi-structured interviews is given along with information about their execution. This includes the use of cards in probing the relative importance of the various determinants of firm location and the addition of a contacts web which aimed to capture the geography of the relationships of the firms. Issues around access, sample size and ethics are also addressed.

Chapter 6 is the first of four chapters that present the findings of the empirical research. It begins by defining the geographical dimensions of the case study area and justifying the boundaries adopted for the study. It goes on to profile Greater Manchester, setting the context of both its economic and physical structure. It then identifies the geographical patterning of the two selected creative industry sectors across Greater Manchester, drawing

on the information gathered from the quantitative stage of the study. This is followed by an initial assessment of the relative importance of the full range of potential factors influencing location for the firms in the two sectors, using information collected from the semi-structured firm interviews. The results of this assessment help to structure the remaining empirical chapters, each being based on one of the three key locational factors identified – cost of space, quality-of-place and communication.

Chapter 7 explores the way in which availability and cost of premises affect the location decisions of creative industry firms. Historically, creative industries have clustered in areas where space was once cheap in the inner city. Creative entrepreneurs have often been considered a powerful force in regenerating neighbourhoods, but face issues of displacement. The importance of the cost of space was a significant finding of the interviews. The chapter gives particular attention to the example of the Northern Quarter, an area of central Manchester that was colonised by creative businesses from the 1980s onwards. The chapter then turns to the premises-related reasons leading to firms being located in more peripheral areas.

Chapter 8 explores the way in which opportunities for a high quality-of-place were important to creative entrepreneurs in selecting a location for their business and the nature of the location this dictated, in terms of a central or more peripheral site. The chapter goes on to review the importance of place reputation and image to creative industry firms. Some contextual information regarding the development of a place brand for Greater Manchester is provided. Following that, the chapter looks at the reasons associated with quality-of-place that lead firms to locate in more peripheral areas.

Chapter 9 explores the final set of factors identified as key in the initial assessment of the interview results, namely those relating to communication and connectivity. In particular, it looks at the ways in which accessing networks were important to the respondents in selecting a location for their business. It investigates which aspects of communication were most important and how this varied between firms located in the centre and those in more peripheral locations within the conurbation. The chapter then turns to the reasons leading to the continued privileging of the city centre amongst some of the sample, in particular the prospects for strong external connectivity. The chapter also reviews the empirical findings in relation to whether decentralised locations have become more popular due to advances in technology and whether these have enabled firms to forge and maintain networks with

reduced face-to-face interaction. Finally, the interactions of firms from the case study are investigated in relation to a typology of networks developed from the literature.

Chapter 10 draws together the main findings of the study. It begins by revisiting the aims and methodological approach of the study. Then the key findings are summarised and evaluated in relation to their contribution to knowledge within the research agendas outlined above. Their implications for policy are also discussed. Finally, following an assessment of the methodology and coverage of the present study, the possibilities and priorities for future research are suggested.

2 A new spatial logic for the ‘new’ economy?

2.1 Introduction

This chapter provides an introduction to current debates about a changing spatial logic in the economy, given the decline of manufacturing and the growth of the knowledge economy. Structural changes in the economy have contributed to an increasing focus on knowledge as a central contributor to innovation and growth in cities. Whilst some claim that this has resulted in a declining role for urban areas as information can be passed more easily and over longer distances (Cairncross, 1997; Friedman, 2006), other commentators argue that ‘place’ still occupies a central role in the economy (Christopherson et al, 2008). In this way the primacy of larger places, notably the global cities, has been reinforced through agglomeration economies, the potential for knowledge exchange linked to proximity and the quality-of-place advantages of large urban areas.

The central purpose of this chapter is to open up ideas and issues of potential relevance for the study. It presents findings from the literature that were used to form the basis of the theoretical framework for the study. The test of these ideas comes later in the thesis when the empirical validity of the key messages is assessed. Potential gaps and conflicts in the literature are highlighted at this stage. The chapter starts by setting the scene of economic transformations and the move to a knowledge economy in. It then turns, in section 2.3, to the arguments surrounding the ‘death of distance’ in the context of advances in technology and communication. Section 2.4 explores how the ‘weightless’ economy can be embedded in space and place by reviewing the role of agglomeration economies, clusters and networks. It also looks at the evidence regarding amenity advantages, which constitute the more intangible determinants of economic success related to quality-of-place. Section 2.5 contrasts these with the dispersion forces which encourage firms to choose less central locations. The final section summarises the most important messages from the existing literature and poses some initial questions for this study.

2.2 The rise of the knowledge economy

We are witnessing a point of historical discontinuity. The emergence of a new technological paradigm organised around new, more powerful, and more flexible information technologies makes it possible for information itself to become the product of the production process (Castells, 1996: 67).

As the above quote from Castells (1996) illustrates, in discussions of economic restructuring at the local, regional, national and international levels, knowledge-based industries have come to the fore. As production costs in developed countries have been undercut, with the advent of globalisation and advances in communications, the need to capitalise on specialist knowledge has developed. Transformations in the economy, increased disposable income and more leisure time have resulted in greater product differentiation and thus a greater creative content (Work Foundation, 2007). It is claimed that products of this nature are harder to imitate and therefore may strengthen the competitive edge of the UK against low cost producers abroad (Turok, 2009). Rodrigues (2003) contends that knowledge creation and diffusion have been accelerated by information technologies creating sophisticated procedures for codification and management and elevating the perception of knowledge as a central asset of organisations. These structural changes in the economy have contributed to an increasing focus on creativity as a strong contributor to innovation. A 1999 DEMOS report entitled 'The Creative Age' pinpoints trends relating to the rising role of knowledge in the modern economy. It asserts that the economy has become 'weightless', with intangible resources such as information, networks and human capital occupying a central role. Technological change has resulted in a dramatic shift in the role of knowledge so that the "raw material itself is information, and so is its outcome" (Selzer and Bentley, 1999: 13).

It is argued that the nature of work has also become 'weightless', with the proliferation of temporary contracts and a rise in self-employment (Selzer and Bentley, 1999). During the Fordist period, large firms were typically governed by a hierarchical structure, headed by an elite. A strict regulation and division of labour based around slow-to-change tasks meant that little formal training was often necessary. Commonly, skills were learned on the job (Murdoch, 1995). Antcliff et al (2005) contend that the shift from mass production to more post-Fordist modes of production in recent years is characterised by freelance working, short-term contracts and self-employment. Specialist knowledge and innovation have become increasingly important, with the model of flexible specialisation and a move away from mass production to product lines targeted more at niche tastes and fashions.

According to Selzer and Bentley (1999), other trends of the ‘weightless’ economy include the shift to an increasingly networked economy, generating a move from vertical to horizontal relationships between organisations and emphasising the primacy of skills within the knowledge economy.

The characteristics of the traditional and knowledge economy perspectives are summarised in Table 2.1. This highlights the attributes for the organisation of the economy implied by the two perspectives. The perspectives are normative rather than positive and the organisational attributes of the two accounts are not mutually exclusive. Instead, they represent opposite ends of a range, with no organisation likely to be at the same end for every attribute. This account, while very simplistic, serves to demonstrate that there are potentially many tensions in the economy associated with the increasing importance of knowledge.

Table 2. 1: The characteristics of traditional and knowledge perspectives

TRADITIONAL ECONOMY	CHARACTERISTIC	KNOWLEDGE ECONOMY
Generate costs	People	Generate revenues
Level in hierarchy	Basis for power	Level of knowledge
Labour versus capital	Power struggle	Knowledge workers versus managers
Workers change physical resources into material products	Production	Workers change knowledge into immaterial structures
Via organisation hierarchy	Information flow	Via networks
Material production	Form of production	Immaterial structures
One-way via markets	Customer relation	Interactive via networks
One of the instruments	Knowledge	Core of the company
Application of new instruments	Aim of learning	Creation of new assets

Source: Adapted from Geenhuizen et al (2005: 277)

In the knowledge economy, production is said to result in immaterial structures rather than material products. This is one of the characteristics associated with the knowledge economy which may support the theory that firm location and proximity is of less value. As immaterial structures, information and knowledge can be transferred in many cases via information technology, such as the internet, it has been suggested that the power of

physical location is reduced. In order to explore this idea further, it is necessary to critically engage with the 'distance is dead' thesis.

2.3 The 'death of distance' and the continuing 'power of place'

The significance of knowledge and information exchange has led some commentators to declare that the traditional factors of physical infrastructure are decreasing in importance (Cairncross, 1997; Friedman, 2006). Certainly, Western Europe can no longer compete by offering lower production costs through cheap labour and subsidies. Engagement with new economic practices has been essential. The development of alternative advantages such as higher quality products, a skilled labour market, greater specialisation, innovation and an effort to generate and then satiate a wider range of consumer demands has become the focus of policy development in the UK:

In the global economy, capital is mobile, technology spreads quickly and goods can be made in low cost countries and shipped to developed markets. British business therefore has to compete by exploiting distinctive capabilities, which competitors find it hard to imitate. The UK's distinctive capabilities are not raw materials, land or cheap labour. They must be our knowledge, skills and creativity. (DTI, 1998: 6).

A technologically deterministic view would predict that the economic shift to information generation, handling and exchange would lead to the decline of the urban centre as the dominant location of economic activity. Pratt (2000) acknowledges the arguments surrounding the declining role of physical location as the corollary of a 'weightless' economy. Potentially, producers may locate anywhere as the cost of transporting raw materials reduces and as Pratt explains: "It is on this foundation that the notion of the death or the end of geography as a location factor in relation to new media has been built" (2000: 427). Harvey (1990) argues that time-space compression, with technology allowing business to be conducted globally, may reduce the need for proximity. As Cairncross suggests, "Industries that produce goods which can be sold online no longer need to be near their markets. Indeed, they can locate wherever they can find appropriate skills at the right price" (1997: 216). This idea is based upon the concept of tradability, where service provision is freed from the point of consumption so production can take place wherever the costs are lowest (Morgan, 2004). A further commonly cited economic transformation is a

greater level of codification, which allows information to be universally accessible (Morgan, 2004).

However, the balance of evidence suggests that the so-called death of distance does not necessarily mean an end to the spatial concentration of economic activity, quite the contrary. As Polese and Shearmur (2004) argue, there would be no agglomeration economies if distance did not exist. The advantages of proximity have prevented decentralisation to remote locations despite the introduction of new communications technologies. Morgan (2004: 3) contends that the 'geography is dead' thesis "grossly overestimates the distance-destroying capacity of information and communications technology (ICT) by conflating spatial reach with social depth. Because information diffuses rapidly across organizational and territorial borders, it wrongly assumes that understanding does too". The importance of 'social depth' in relation to the ability to transmit tacit knowledge is explored in greater depth below (section 2.4.2). Furthermore, even if there is a 'death of distance', it does not mean that all places become the same. In fact, they are likely to specialise in whatever their endowments give them the greatest comparative advantage in. As a corollary, if distance barriers are very great, each place has to be self-sufficient and therefore each produces all the wants of its people, thereby restricting the opportunity for specialisation.

Many economic activities are still subject to geographical factors. In the modern economy there are few products which are actually 'weightless' and, even within the new media sector, material objects remain centrally important. All the outputs must still be created, which is a 'human' process, requiring a concentration of staff, and still have to be delivered to markets. Pratt (2000) has no doubt that the 'power of place' continues to exert great influence over the economy and there are no signs that all business will convert to being conducted remotely as earlier technologically deterministic arguments suggested. Although there is an obvious link between the 'death of distance' and a more 'weightless' economy, "there are a large number of material impediments that 'bring it back to earth'" (Pratt, 2000: 428).

Scott and Storper (2003) agree that despite revolutions in technology and communications the 'friction of distance' still has powerful effects on the location of economic activity. Indeed, in many ways, proximity and its corresponding power of engendering trust is of increasing importance. Despite the high costs of labour, property and servicing in urban core locations, the largest international firms continue to concentrate strategic decision-

making functions and expertise there. Most assert that proximity is still of central importance (Morgan, 2004) due to advantages generated by agglomeration economies (see, for example, Hildreth, 2006; Maskell and Malmerg, 1999; Parr, 2002a, 2002b; Polese and Shearmur, 2004; Scott, 2001).

One of the main results of transport and communications costs becoming less important is that the factors of production tend to become more important, particularly if they have any 'locational stickiness'. Indeed this is frequently the case, as for example with access to labour, clients and competitors. This alters the ground rules for the spatial organisation of production. Castells (2000), in his discussion of the emergence of a 'space of flows', argues that economic organisation is not 'placeless'. Places act as nodes linked into the global economy. Each node requires infrastructure to do this including support services, a specialised labour pool and a system of services to meet the needs of skilled workers (Castells, 2000). Assuming a node-based system, more activities will crave access to such nodes, but some can afford the cost of this better than others. At the same time, the pattern of nodes and linkages within the networks is changing. As described by Hall and Pain, "Cities within networks and as city regions are the critical hubs and nodes of the space of flows" (2006: 14). So, in sum, the balance of concentration and deconcentration aspects of industrial sectors is changing, while concurrently the spatial landscape is also altering.

2.4 The continuing importance of urban concentration

We now turn to three different ways in which the 'weightless' economy (Pratt, 2000) is embedded in particular cities by the advantages that they offer for production. The first relates to agglomeration economies and the hard assets offered by cities. Following this, the advantages of clusters and networks are reviewed to determine how far and in what ways these encourage co-location in cities. Finally, the section looks to the softer, more intangible assets offered by places to see how far amenity advantages may encourage concentration.

2.4.1 Agglomeration economies

The advantages of agglomeration relate to the range of economies derived from spatial concentration (Hildreth, 2006; Maskell and Malmberg, 1999; Polese and Shearmur, 2004). Productivity is raised by market size, larger local labour markets and knowledge spillovers. Scott (2001) contends that performance is improved by urban concentration as concentration ensures efficiency and can intensify creativity, learning and innovation. Agglomeration benefits are external to the firm and derived from geographic proximity (Gordon and McCann, 2000). As Scott and Storper (2003: 581) assert, “Globalisation has been accompanied by the assertion and reassertion of agglomerative tendencies in many different areas of the world, in part because of the very openness and competitiveness that it ushers in”.

Marshall (1920) argued that there were three main areas of agglomeration advantages. Firstly, the sharing of inputs, whose production involves increasing returns to scale internally, leads to reduced transaction and transportation costs. Secondly, labour market pooling allows the greater possibility of a match between an employer’s needs and a worker’s skills and, in doing this, reduces the risk for both parties. Finally, there are spillovers in knowledge, so called ‘pure externalities’, that can take place when an industry is localised, allowing workers to learn from each other through networks.

In terms of the first point, as Gordon and McCann (2000) argue, the sharing of specialised suppliers allows businesses to benefit from the greater availability and efficiency of particular local services and the more favourable local availability of capital finance in the smaller firm sector. The local services are specialised according to the nature of the product or service on which the local industry is based. Specific advantages include technical expertise, machinery, marketing, and maintenance services (Markusen, 1996). Transaction and transportation costs will also be reduced. Suppliers and distributors are also advantaged due to the larger market size available in a city (Turok, 2005).

As regards access to a highly skilled labour, Polese and Shearmur assert that most creative and knowledge-intensive activities are sensitive to the characteristics of ‘place’, the chief aspect of which is “the congregation of talented, educated, and creative individuals” (2004: 436). Highly skilled and creative workers congregate in large urban centres, producing the benefit of ‘thick’ local labour markets. Firms strive to achieve flexibility in their use of labour and thus need access to a large and variegated pool of specialised talent (Scott and

Storper, 2003). Local firms are able to hire and adjust their labour employment levels in response to market conditions more efficiently than if locationally isolated (Gordon and McCann, 2000). Flexible systems, supported by networks, are needed as workers often come together on a short term basis (Turok, 2003). It is logical for specialised workers to locate where there is a range of employment opportunities requiring their particular expertise. Once firms are located in a particular place, the benefits of a dense labour pool of skilled workers may 'lock-in' and tie the firms to the location. There will also be an unwillingness amongst firms to relocate as it is necessary to retain these skilled workers (Hall and Pain, 2006). The sustainability of spatial clusters of similar and related economic activity can be seen as a result partly of "forms of inertia, meaning that firms rarely relocate once they have reproduced in a place" (Maskell and Malmberg, 1999: 5).

Thirdly, Marshall's suggestion that knowledge spillovers are advantaged by geographical proximity has also been confirmed by subsequent research. Begg (2002) argues that innovation, generated by exchange of tacit information and learning, can be best realised within urban locations. The city remains a natural meeting place, which is good for developing innovations in business. While coded or standardized knowledge can be transferred without face-to-face contact in the form of reports and so on, tacit knowledge is less transferable, likely to produce greater innovation and often necessitates greater geographical proximity between companies (Begg, 2002). Thus there is continued a necessity for proximity and accessibility in business relations. There is clearly a need for "face-to-face communications of a formal and informal, planned, chance and serendipitous nature" (Pratt, 2000: 434). This trust and understanding is asserted to be enhanced by its construction around shared values and cultures (Amin, 1999).

More recently, other specific advantages have also been suggested. One is home market effects, where the concentration of demand encourages agglomeration. Another relates to economies in consumption (Gordon and McCann, 2000). Consumption-focused strategies are often associated with the regeneration of post-industrial cities including Glasgow, Manchester and Newcastle in the UK. The concentration of amenities, such as cultural and leisure services and the types of retailing not viable in smaller centres, draws visitors to the city. Turok (2008) believes that this is augmented by strong regional transport networks. Porter (1995) further argues that a discriminating local clientele may also emerge.

Parr (2002a) categorises agglomeration economies, shown in Table 2.2, and divides them into economies related to urbanisation, localisation and activity-complex and linked to

particular dimensions of the economy. The dimension of industrial scope, according to Rosenthal and Strange (2004), refers to the degree to which agglomeration economies extend across industries, possibly even to all industries in a city rather than being confined within industry boundaries. Urbanisation economies are derived from the possibilities for sharing a common infrastructure and business services and are available to unrelated firms from different industries (Parr, 2002b). Advantages associated with urbanisation, argue Scott and Storper (2003), have meant that cities have been seen as privileged sites for economic growth due to the economies afforded by existing capital-intensive infrastructure. City size is positively linked to increased productivity with firms having better access to labour, customers, services and suppliers and strong connectivity. As Turok (2008: 155) explains, this “lowers costs, raises productivity and improves resilience”.

Table 2. 2: Dimensions of spatially constrained economies external to the firm

DIMENSION	ECONOMIES
Scope	Urbanisation economies
Scale	Localisation economies
Complexity	Activity-complex economies

Source: Adapted from Parr (2002a: 154)

Secondly, economies of scale occurring within an industry which is spatially concentrated are referred to as localisation economies (Table 2.2). These relate to the existence of dense local labour markets and localised relational effects, which lead to the outcomes of learning and innovation. Research demonstrates that, as agents become closer in industrial space, then there is a greater potential for interaction (Rosenthal and Strange, 2004). Specific advantages include the emergence of pools of skilled labour, lower freight rates, access to specialist services and information spillovers; and it is the firms involved in the same industry that benefit (Parr, 2002b). Physical proximity and the co-location of related firms can permit greater control over contractors and allow inspection and easy transportation of goods. The companies that are based in cities benefit from external economies of scale by being located close to other companies, reducing the costs of doing business. Corresponding density in the local labour market allows easy recruitment of skilled individuals (Turok, 2005). ‘Untraded dependencies’, consisting of labour markets, public institutions and locally or nationally derived rules of action or customs, are crucial. Further localisation economies are derived from shared understanding and values, from

reciprocity and trust based on familiarity and also from tacit knowledge based on face-to-face exchange (Amin, 1999; Pratt, 2000).

Thirdly, in terms of the complexity dimension, activity-complex economies are generated between firms related by linkages to firms in other industries (Table 2.2). The specific advantages include transportation, telecommunications and logistics cost savings, efficient flows of materials amongst stages and lower inventory costs (Parr, 2002b). Firms may spatially cluster to minimise their observable spatial transaction costs by locating near to firms within the particular input-output production and consumption hierarchy of which they are part. The benefits will be distributed symmetrically to those within the complex, who will have made substantial capital investments to locate there and, according to Gordon and McCann (2000), this may discourage individual firms from making investments in research or human capital.

The extent to which a firm can access agglomeration advantages in a particular place is also related to city size and density. Agglomeration economies vary with city size and also distance from the city centre. In terms of the optimum city size for firms to access agglomeration advantages, it is contended that the bigger the city the more benefits (Turok, 2008). In a summary of the empirical evidence regarding the impact of urbanisation economies, Rosenthal and Strange (2004), in their international study, suggest that doubling city size seems to increase productivity by 3-8%. Graham (2006), on assessing past studies of the relationship between city size and agglomeration economies, suggests that the doubling of city size is associated with an increase in productivity between 1% and 10%.

Agglomeration economies tend to attenuate with distance. This means that if companies are physically closer, there is more potential for interaction. It has been suggested that it is not necessarily physical size, but effective density, that counts. By increasing effective density, the number of people and firms who can access the city quickly is raised. This would primarily be done by improving the quality of transport network (Marshall and Webber, 2007; Venables, 2007). As outlined in Eddington (2006), historically transport has enabled clusters of economic activity to emerge.

Hall and Pain (2006) argue that high quality transportation is thought to be particularly crucial within advanced service economies. Graham (2006) found that service industries were most likely to benefit from positive externalities derived from increasing effective

densities. He asserts that, “There is an inherent relationship between transport and externalities of agglomeration” (2006: 3). The Eddington Report (2006) explained the ways in which the transport infrastructure can contribute the economy. It can improve productivity by increasing inputs, such as access to labour, and by reducing journey times. Further to this, a good transport system can improve quality-of-life opportunities, by enabling commuters to live in the suburbs (Eddington, 2006). As the report explains:

The quality of infrastructure, and how comprehensive the transport network is, will influence the role transport plays and its contribution to the functioning of a successful economy (Eddington, 2006: 3).

These advantages can be accessed by any business located in the area, so there is potential for free-riding i.e. firms consuming the advantages without shouldering a fair share of the costs. But as Gordon and McCann (2000) point out, as the firms are producers as well as consumers of external economies, the system is not likely to be prone to subversion. There may, however, be some disincentive to training staff as they are likely to be more footloose. This model of pure agglomeration presumes no form of co-operation beyond what is in their individual interests in an atomised and competitive environment (Gordon and McCann, 2000). Their view of industrial organisation is therefore sceptical of co-operation engendered by co-location, but there is some evidence that clustering brings advantages which are associated with social networks.

The next section therefore explores how firms may move from a model of pure agglomeration economies, with shared externalities accessed by proximity, to engendering a sense of trust and building relationships and networks through which competitive advantage can be generated. The section then goes on to expose some of the complexities of these ideas by looking in more detail at the literature on the nature of the networks involved and the importance of tacit knowledge. Face-to-face interaction is identified as an important contributor within these networks.

2.4.2 Beyond pure agglomeration: fostering knowledge exchange through clusters, networks and face-to-face interaction

Pure agglomeration economies focus on the advantages of scale and scope that are external to the firm rather than internal. As discussed in the previous section, these advantages are

associated with geographical proximity and are available to firms located within the same area. The external economies generated by agglomeration are associated with the collective use of transport infrastructure and other services as well as with enabling the rapid movement of labour, capital and other commodities. As we have seen, the advantages of market size derived from location within large conurbations also encourage the collocation of firms. Clustering is distinct from agglomeration in its association with social networking and reliance on a degree of cooperation between nearby firms. Porter defines clusters as “geographic concentrations of interconnected companies, specialized suppliers, firms in related industries, and associated institutions” (Porter, 1998: 197). Particularly important in relation to accounts of clustering tends to be the existence of social glue (Porter, 1998b) which binds members together to achieve cooperation between members and stimulate the free flow of ideas (Gordon and McCann, 2000; Turok, 2005). Whilst clustering mirrors many of the concepts drawn from previous literature including, for example, Marshall’s work on industrial districts the current debate is linked closely to Porter’s conception of clustering, which has been embraced within policy making where examples such as Silicon Valley have been drawn upon.

Industrial clusters differ from the agglomeration model in that there is a belief that such clusters reflect not simply economic responses to the pattern of available opportunities and complementaries, but also an unusual level of embeddedness and integration (Gordon and McCann, 2000: 7).

A cluster can be described as a “grouping of industries linked together through customer, supplier and other relationships which enhance competitive advantage” (Montgomery, 2003: 298). The spatial clustering of related industries and skilled workers may allow the development of an innovative environment likely to lead to a competitive and specialised local economy. The example of Silicon Valley in California is a much-cited cluster of high-technology industries where informal and formal co-operation and face-to-face contact has allowed it to continue to flourish and dominate in a world market. Saxenian (1990: 105) argues that, “Silicon Valley’s resilience owes as much to its rich networks of social, professional and commercial relationships as to the efforts of individual entrepreneurs”. Other commonly drawn upon examples include Baden Wurtttemberg and Italian industrial districts, which are often described as ‘learning regions’ (Amin 1999; Morgan, 1997). The learning is said to be facilitated by “reduced opportunism and enhanced mutuality within the relationships of interdependence” (Amin, 1999: 369).

According to these accounts, clusters offer advantages ranging from economies of scale and reduced transaction costs to more intangible benefits like information exchange and

knowledge sharing. When maximised, these assets offer a possibility for offsetting risk in the 'information age'. This clustering has many advantages including: "increasing returns, reduced transaction costs and economies associated with proximity and interfirm exchange, as well as specialized know-how, skills and technological advancement" (Amin, 1999: 368). Porter (2001) discusses the advantages of clustering in the modern city economy. As well as connectivity, larger labour pools and larger markets, he argues that urban areas provide a good base for the growth of clusters. These areas, he contends, allow the development of the supply and servicing side of business, reducing costs and creating advantage for the formation of new businesses. Moreover, it is asserted that co-location can lead to greater possibilities for collaboration, creating "knowledge spillovers" and a sense of shared interest in the wealth of the region (Turok, 2005).

The social network model exemplifies some of the advantages of clustering (Gordon and McCann, 2000). Through social networks, a form of durable social capital, defined as social cohesion and personal investment in a community (Putnam, 2000), is developed and maintained. This model is optimised by "trust, leadership and common interest" (Gordon and McCann, 2000: 520). These conditions, it is asserted, are advantaged by propinquity, but access to these advantages is dependent on past experience, routine interaction and investments of effort (Gordon and McCann, 2000).

Antcliff et al (2005) provide empirical evidence regarding the existence of networks in the audiovisual industries. They found that the existence of local networks of SMEs enhanced the flow of information between firms and encouraged 'collective learning', fostered creativity and created a sense of community. This trust can, however, be limited by the inherent sense of competition and, therefore, "a sense of congeniality within networks merely masks the competitive and essentially individualistic nature of the labour process" (2005: 4). Competition should be maintained in the local environment in order to ensure that stagnation does not take hold and so that innovation is driven forward. Leadbeater and Oakley argue that the cluster will "thrive on an atmosphere of intense local rivalry, through which competing companies can compare their performance and products" (2001:31).

Some ambiguity, however, can be identified in broad statements of cluster theory. Turok (2003: 551) notes that cluster theory "is vague about the degree of aggregation of firms and industries, the strength of linkages between firms and the spatial scale and intensity with which clustering processes operate". It can be suggested that the value of policy prescriptions advising greater collaboration and networking may be overstating their value,

especially if their inherent intricacies are ignored. It is therefore important to review in greater detail the different types of networks and collaborations between firms and the role of face-to-face meeting in business relationships.

Different types of network have been identified in the literature. They can have many different characteristics, which affect their efficacy. As identified by Antcliff et al (2005), networks can be separated into two broad types: closed networks and open networks. Closed, or tight, networks tend to be based in the local and be of a more exclusive and homogenous nature, while open, or loose, networks are thought to be more heterogeneous and global. Again there is likely to be a spectrum with the reality lying somewhere in between, dependent on a complex interplay of factors relating to context. Nevertheless, for the purposes of exposition here, the focus here is on the two opposing types, as shown in Table 2.3. The table is not meant to be a deterministic account of the effects of involvement in open or closed networks, but represents a framework for reviewing the competing perspectives. Moreover it helps to show, albeit simplistically, that, while there are advantages and disadvantages in both types of network, open networks are generally considered the more beneficial.

Table 2. 3: The potential for collective action through networks

	OPEN NETWORKS	CLOSED NETWORKS
Structure	Members do not all know each other	Members know each other
	Inclusive	Exclusive
	Heterogeneous membership	Homogeneous membership
Function	Raising individual profile	Support
	Improving employment opportunities	Maintaining collective norms
	Building bridging capital	Building bonding capital
Consequences	Competition	Sense of belonging
	Individualism	Trust
	Flow of information	Exclusion
	Creativity	Formation of cliques

Source: Adapted from Antcliff et al (2005: 19)

There is an association between open networks and achieving creativity, information sharing and therefore being more competitive. Closed networks are linked to a more local

environment. The glue that holds networks together is the personal ties between members. In turn, these relationships are based on trust, reciprocity and interdependence (Granovetter, 1973). Despite some advantages from networking in a more local environment, there are disadvantages associated with this.

The negative effects of social capital can be used to suggest some potential issues relevant to networks. Some networks, for example, may be associated with “nepotism, favouritism, patronage, a lack of transparency and opposition to change” (1973: 14). This would result in their existence be self-defeating as they would prove slow to adapt and thus lack the essential ingredients of firms in this sector: innovation and creativity. Gordon and McCann (2000) support the idea that weak ties are more important, as is pluralistic network building. Actors should aim to cultivate an extensive set of links into other national and international networks. This, they suggest, “may prove to be more useful than committing to any single ‘club’” (2000: 7). This is also the line of Landry (2000: 34) who claims: “Sealed systems have no future – communication, collaboration and partnership are key...Many agents, users and competitors together create the network’s value...and the value of the gains resides in the greater web of relationships”.

Within all types of networks, there are also several features which may make them more or less successful at achieving action. Vogel (2005) pinpoints two dimensions which underline collective action contributing to changes in organisations. Firstly, there is an energetic dimension, which can be described as the collective drive and effort to achieve joint activities. Secondly there is a focusing dimension, which provides the purpose or intentional impulse for change.

Vogel (2005) goes on to categorise what he sees as the three variables which stimulate collective action within networks of this nature. As shown in Table 2.4, Vogel’s model contends that collective action may be generated from networks providing that there is the right interplay between individual participants based in a suitable context. This exploration of the operation of networks, however, serves to demonstrate their innate complexities. Some closed networks may be self-defeating and allow stagnation. This shows that there are challenges associated with enacting the properties of a successful network; for example, collective emotion, volition and cognitive processes.

Table 2. 4: The variables stimulating the emergence of collective action

VARIABLE	EXPLANATION
1. Perception of supportive context	Management and direct superior support seems important as well as perceived autonomy and social capital.
2. Individual action of network participants	Individual proactive action is associated with communication and coordination
3. Intra-network factors (properties of the network itself)	<p>Collective cognitive processes- shared goals which catalyse, direct and bind collective action, communication and coordination and mutual feedback.</p> <p>Collective emotions- shared reactions to incidents.</p> <p>Collective volition- willpower to enact a certain goal.</p>

Source: Adapted from Vogel (2005: 536)

The level of linkage into external networks is also considered crucial to the success of the networks. Amin and Thrift (1992: 574) argue that the emphasis on local production complexes is overdone and that “models which are locally based do not recognise the importance of emerging global corporate networks and interconnected global city regions”. Bathelt et al (2004) further suggest that multi-nationals provide important pipelines within which tacit knowledge can flow in a way which would be less easy between separate parties at an equivalent distance. The development of open or loose networks has been advanced by the expansion of information technology. The impact of this has been that the members of networks are more likely to be heterogeneous in nature. An advantage of this broader network is that firms can internationalise their products more easily and facilitate the search for ideas amongst larger numbers of people (Antcliff et al, 2005).

When exploring theories relating to the nature of the networks and relationships which support economic competitiveness, the role of face-to-face interaction is a recurring theme. Despite the ability nowadays to transfer huge amounts of information instantly via new technology, face-to-face interaction still appears to be critical when conducting business. Storper and Venables (2003) believe that face-to-face contact has four specific functions, as shown in Table 2.5.

Table 2. 5: The advantages of face-to-face (f2f) contact for business relations in the new economy

FUNCTION	ADVANTAGE OF F2F	CONTEXT
Communication technology	High frequency Rapid feedback Visual and body language cues	Non-codifiable information R&D Teaching
Trust and incentives in relationships	Detection of lying Co-presence: a commitment of time	Meetings
Screening and socializing	Loss of anonymity Judging and being judged Acquisition of shared values	Professional groups Being 'in the loop'
Rush and motivation	Performance as display	Presentations

Source: Storper and Venables (2003: 6)

Taking each of these four functions in turn, first are the advantages of face-to-face communication in allowing the transfer of non-codifiable information. This relates to the fact that the transfer cost of tacit knowledge still rises with distance (Hildreth, 2006). Tacit knowledge, that which is unable to be routinised, tends to be dependent on networks (Scott, 2001). It can be asserted to be locationally 'sticky' as it is heavily dependent on context and is person-specific (Morgan, 2004). Storper and Venables (2003) contend that it is not just that some information is difficult to codify, but also that visual and corporal cues may be as important as the words themselves. Internationally, the increased ability to communicate electronically, they argue, has actually increased demand for business meetings and travel. This confirms the belief of Polese and Shearmur (2004) that the one-hour cut-off point is still very relevant and is supported by Hall and Pain (2006) who regard electronic exchanges as routine and often as a prelude to face-to-face meeting rather than reducing its necessity. In knowledge-based sectors and industries with a high creative content, markets are characterised by considerable uncertainty. Small-scale, non-routine flows with ambiguous content are notably averse to extension over long distances and thus would be of high expense. According to Scott and Storper, "The spatial proximity of large numbers of firms locked into dense networks of interaction provides the essential conditions for the many-sided exchanges of information to occur, and out of which new understanding about process and product possibilities are constantly generated" (2003:583).

Developing trust and incentives is the second main advantage of face-to-face meeting identified by Storper and Venables (2003, see Table 2.5). Trust is engendered by face-to-face contact and is important in industries characterised by high-risk activities as it allows evaluation of competitors and partners. Co-operation is encouraged by institutional thickness (Hall and Pain, 2006), which refers to the social, cultural, and institutional forms and supports that are available to businesses, including trade associations, voluntary agencies, institutions and local elites. Face-to-face contact can also mitigate the problems of incentivising reciprocity and preventing free-riders (Storper and Venables, 2003).

The third main function of face-to-face meeting is that of 'screening' and 'socialising' through social networks. Storper and Venables (2003) argue that the tacit knowledge exchanged within networks is often highly localised and embedded within specific contexts. Learning the shared codes of a group, as part of a socialisation process, is often associated with face-to-face contact. Finally the category of 'rush and motivation' constitute a further function of face-to-face meeting. The face-to-face element of this is the performance, which can raise the quality and quantity of information which can be transferred. Presentations, Storper and Venables (2003) contend, motivate imitation and competition by stimulating the desire to succeed and gain status.

In summary, Table 2.5 shows that, despite advances in communication, it is particularly the possibility of face-to-face interaction, for the reasons laid out above, which has ensured the continued primacy of co-location, often in the city centre. This review has shown that significant evidence exists which points to the type of clusters and networks perceived to be of most importance to economic performance. Certainly, due to the importance of tacit knowledge exchange, via face-to-face interaction, co-location in cities is regarded as the dominant spatial pattern for the knowledge-based economy. However, descriptions of organising aspects are very complex and there are inconsistencies in explanations of how firms operate. This is problematic as policies aimed at inducing cluster formation and stimulating networks are common.

2.4.3 City ‘buzz’² as a driver of urban concentration

Another area which has stimulated the attention of academic and policy makers alike is the extent to which quality-of-life advantages can help to attract the skilled workers necessary for boosting the knowledge economy. Amenity advantages are related to the idea of quality-of-place. Arora et al (2000: 2) refer to them as the “inherited, acquired and built-up characteristics of places – for example, as embodied in its parks, neighbourhoods, cultural and educational institutions, and broad social milieu”. Overall, it has been argued that local amenity, as often provided by such aspects as the weather, physical attractiveness, culture and tradition, is an important factor in enhancing the appeal of particular urban agglomerations (Ioannides et al, 2007). This section reviews the argument that preferences for the quality-of-life advantages associated with the city centre determine the location preferences of skilled workers and in turn knowledge-based firms.

The role of quality-of-life in the location decisions of people and businesses in the modern economy has long been recognised. An influential study conducted by John Myerscough in the late 1980s aimed to demonstrate the economic importance of the arts to Britain (Myerscough, 1988). The provision of a strong cultural infrastructure was seen as an important contributor to a good quality-of-life, which was identified by businesses as a consideration in their location: “Investment in the arts and other amenities is becoming part of a new spirit of competition to create the right environment for business investment and to attract talented people to work in a region or a city’s industries” (Rodgers, 1989: 61).

A skilled workforce can be a driver of competitive advantage, while research and learning can provide the basis for economic success. As Morgan (1997: 493) argues, “Contemporary capitalism has arrived at a point where knowledge is the most strategic resource and learning the most important process”. The high incidence of educational and research institutions is an important competitive advantage that a city can offer.

It is asserted that, in order to develop and compete in a knowledge driven economy, it is essential to attract and retain creative, innovative and entrepreneurial individuals. The 2002

² In the world of marketing ‘buzz’ refers to word-of-mouth interactions encouraging the hype, excitement or anticipation of a product. The term ‘buzz’ is also frequently associated with city centre regeneration and image building. For example, prior to the (unsuccessful) bid for 2008 city of culture on Tyneside the taglines Newcastle-Gateshead buzzin’ and ‘Love the buzz’ were used to market the region (Byrne, and Wharton, 2004). It is used by Bathelt (2005) to denote intensive local networking and in this study it is used to reflect the dense possibilities for interaction within a city centre location associated with the nature of the amenities and opportunities to consume.

book by Richard Florida on 'The Rise of the Creative Class' has been particularly influential in this field, though not uncontested as we will see. Its central thesis is the following: "The bottom line is that cities need a **people climate** even more than they need a business climate. This means supporting creativity across the board...Instead of subsidizing companies, stadiums and retail centers, communities need to be open to diversity and invest in the kinds of lifestyle options and amenities people really want" (Florida, 2002: 283, emphasis as in original).

According to Florida and as re-iterated in his more recent 'Who's your City?' (2008), the individuals comprising 'the creative class' are posited to locate in cities with certain amenities which fit with their values, aesthetics, lifestyles and consumption patterns. These amenities have tended to be associated with city-centre amenities such as arts and cultural infrastructure, sports and leisure amenities, shops, bars, music venues, etc. There is seen to be a mutually reinforcing relationship between cultural 'coolness', social cohesion, compact built environment and economic competitiveness (see also Turok, 2008; Turok and Mykhnenko, 2008).

Florida (2002) also argues that diversity of human capital is essential to attract and retain the creative class. Places with large proportions of three population types were consistently ranked in the top 15 high-technology regions in his research. Firstly, he argues that a large gay population is one of the main indicators of high-tech success: "The presence of gays in a metropolitan area provides a barometer for a broad spectrum of amenities attractive to adults, especially those without children" (2002: 131). Secondly, high concentrations of creative or 'bohemian' people, classified as artists, writers, musicians and actors, are also viewed as an indicator of an area's success in high technology industries (see also Florida and Gates, 2001). In Florida's 2002 study, rankings of the outputs of high-tech industries in areas were compared to those with high number of artistic or bohemian individuals. Thirdly, he contends that a larger proportion of foreign-born residents is associated with a higher level of technological success. Florida (2002) summarises the factors essential for attracting and retaining skilled human capital as the 3 Ts: technology, talent and tolerance.

Urban locations can offer companies access to the 'creative class' as they are potentially more diverse and offer leisure and cultural opportunities for them that are not matched by rural areas. This is exemplified by the fact that the majority of the repopulation of cities is by young people, most attracted by leisure activities of the sort offered by city-centre

living (see, for example, Nathan and Urwin, 2006). The impact of the Florida thesis was to propose that human capital is the main determinant of urban futures and economic success.

The ‘creative class’ theory has had a huge impact, with widespread take-up of the ideas by policy practitioners. In particular, the UK government was quick to pick up Florida’s suggestions that cities offering a distinctive environment, attractive architecture, varied culture and leisure activities and good housing options would attract a critical mass of highly-qualified knowledge workers (ODPM, 2004). This has resulted in the popularity of trying to build advantage based around image and distinctiveness. Turok (2009) outlines a number of features which are focused on to develop this distinctiveness. They include a vibrant cultural scene, convivial social environments and architectural heritage. There is increasing emphasis on features associated with quality-of-place, which allow differentiation (such as unique strengths, original knowledge, creative capabilities), rather than on policies based on incentives, deregulation or pursuing efficiency gains. A vibrant cultural scene can create a sense of excitement in cities, which attracts other industries. Politically, Florida’s thesis has been very seductive as any and all communities have the potential to realise the benefits through relatively inexpensive measures (Peck, 2005).

At the same time, however, there are problematic aspects to the widespread provision of the type of lifestyle and amenities that the ‘creative class’ demand. This may only be possible through the expansion of the low-level service-sector jobs. This will increase employment in low-wage, exploitative roles and thus lead to greater polarisation between rich and poor in these cities, serving to alienate their indigenous population. Wilks-Heeg and North (2004: 307) describe Florida’s approach to local economic development as “highly elitist...premised on attracting a new class of highly educated foot-loose professionals rather than dealing with socio-economic inequalities”. The concentration on creating the desirable quality-of-life for wealthier residents and tourists can obscure, they suggest, the real and most acute problems. This aspect is drawn upon by many of the critics of Florida and it must be recognized that there are “serious downsides to unrestrained workforce and flexibilization strategies” (Peck, 2005: 17). Moreover, “There is little regard for those who are on the thin end of Florida’s ‘thick labour markets’, beyond the forlorn hope that, one day, they too might be lifted – presumably by acts of sheer creative will – into the new overclass...leaving unanswered, then, the nagging question of who will launder the shirts in this creative paradise” (Peck, 2005: 17).

2.5 A ‘highly complex space of flows’?

The previous sections of the chapter have identified a weight of evidence to suggest that knowledge-based firms are strongly compelled to locate in central, urban areas in close proximity to other firms. This section looks at the factors which may dissuade firms from selecting city centre locations. It focuses mainly on issues of agglomeration diseconomies and on quality-of-place relating to residential choice, including preferences for suburban life. It goes on to suggest that, in balancing these forces of concentration and dispersion, a complex spatial logic emerges. This may be further influenced by historical contextual issues.

Agglomeration economies tend to be offset by dispersion forces as activity becomes increasingly concentrated. The rising price of land and housing, increasing congestion and commuting costs and higher wages are all associated with emphatically mono-centric growth (Convery et al, 2006; Hildreth, 2006). The negative impacts of growth take many forms, but all arise from the fact that competition for local resources, broadly defined, increases with spatial concentration. Congestion occurs as a result of increased competition for space and the fact that firms pay higher rents and wages as a result of increased competition for land and workers. Problems with transport congestion can negatively influence economic competitiveness as well as quality-of-life. The Eddington Report (2006) found that 24% of traffic in London took place under very congested conditions in 2003. This also leads to less predictable travel times, which means that people must leave earlier to ensure arrival at their destination on time (Eddington, 2006). Graham (2006: 26) found that, “Urban road traffic congestion plays a significant role in ‘constraining’ the benefits of agglomeration and consequently it may serve to reduce achievable levels of urban productivity”.

Secondly, while section 2.4 discussed quality-of-place as a force for concentration, there are also dispersion forces linked to a preference for increased liveability, associated with a more suburban environment and influenced by factors including safety, green space and access to good schools, i.e. quite contrary to the lifestyle that Florida (2002) suggests. For instance, according to Wong (2001), there are negative impacts on quality-of-life associated with growth. The attractiveness of a place will eventually hit thresholds, creating stress to the local infrastructure and the natural environment and leading to a rising cost of living and to a deteriorating quality of living. Castells and Hall (1994)

discuss the decline in the quality-of-life in Silicon Valley due to pollution and unaffordable house prices, describing this as “the dark side of the chip”.

Furthermore, even if it is accepted that human capital is a key determinant of urban futures, a richness and diversity of culture and city-centre living is not necessarily the priority amongst the skilled individuals that the city most wants to attract. As Storper and Manville contend, “One person’s amenity is another person’s inconvenience” (2006: 1252). The vibrancy and excitement found in the centre of a large conurbation might fulfil the preferences of one person, in meeting their desire to consume amongst other opportunities, but might be wholly unappealing to another who finds it noisy, unsafe and polluted. For example, Glaeser (2004) maintains that city living is not the priority amongst the majority of the skilled individuals working in the knowledge economy. In place of Florida’s 3 Ts, he suggests 3 Ss: Sun, Skills and Sprawl. He asserts that amenities associated with quality of residential life, such as “big suburban lots with easy commutes by automobile and safe streets and good schools and low taxes”, are more important in determining the location of creative skilled individuals (2004: 2). As he points out, “Plano in Texas was the most successful skilled city in the country in the 1990s (measured by population growth) - it’s not exactly a bohemian paradise” (Glaeser, 2004: 2).

These findings are echoed by UK studies and it is likely that the provision of city-centre luxury apartments will be insufficient in trying to create the residential amenity demanded by most members of the creative class (Lee and Murie, 2004; Tomaney and Bradley, 2007). City living there has not enjoyed the massive upturn so much heralded and, in fact, city centres in its Northern cities are already having to deal with the problem of the chronic oversupply of high-end residential developments, now aggravated by the economic downturn (Nathan and Urwin, 2006; Unsworth, 2007). It has been claimed that 87% of new homes in central Leeds are one- and-two bed flats aimed at investors and that 70% of flats in central Manchester and 65% in Sheffield have been sold to private landlords. Without tenants, landlords have resorted to sale with up to 40% losses (Northwood, 2008). Concerns can be raised, for the same reasons, about structuring regeneration around a consumption-orientated strategy that is focused on leisure and retail spending, which are the sectors likely to be hit first and worst by the economic downturn.

At the same time, there is some criticism of the idea that quality-of-life is the key determinant of human capital location. Storper and Manville (2006: 1253) assert that high incomes “are not usually exogenously determined, which suggests that the young and well

educated need first to live somewhere where they will be well paid and only second can pursue their consumer tastes". They also contend that consumer amenities do not vary that much between places and, while consumption practices might explain why the young, skilled professionals might prefer city living to a rural environment, it does not necessarily explain why they would select one city over another (Storper and Manville, 2006). A study by Wong (2001) found evidence to suggest that quality-of-life was a secondary consideration in business location, less important than traditional local economic development factors or at least something that could be achieved by a willingness to commute in her study areas of the North West and the East of England. People tend to travel further to work to ensure achieving their residential preferences. She argues that the "traditional factors of location are necessary conditions, whilst the softer quality-of-life factors provide the additional, optimal conditions for economic success" (2001: 31).

The balance between the agglomeration economies and these dispersion forces determines the spatial structure of the economy (Ioannides et al, 2007: 4). Graham (2006: 8) notes that, "The degree to which a favourable trade-off between agglomeration economies and the costs of trade can be reached in any particular location is to a large extent specific to the nature of the economic activity being undertaken". Lower-level service functions are the more likely to decentralise and re-concentrate at lower levels of hierarchy as they do not require the benefits associated with city-centre locations. Despite some evidence of re-concentration in city-centre locations in recent years, there has at the same time been dispersal over the wider city-region. Reductions in distance costs may lead to some deconcentration as part of a "crowding out effect" (Polese and Shearmur, 2004: 436). There remains an urban hierarchy to a certain extent, but the networks, nodes and linkages of the region become increasingly important leading to the emergence of a "highly complex 'space of flows'" within a more polycentric pattern of urban development (Hall and Pain, 2006: 13). It may be that, in this complex territorial development process, neither centralisation nor decentralisation is dominant (Castells, 1989). It is, therefore, suggested that transformations in the economy have led to the development of "new spatial forms and a new spatial logic" (Castells, 1989: 126).

A relational view of economic geography can be useful in furthering these issues. Bathelt and Gluckler (2003) believe that there are three main propositions on which this relational approach is based. The first is *contextuality* which stresses the importance of recognising the context in which economic agents are embedded. Secondly, *path dependency* seeks to highlight that past decisions are likely to impact on the context within contemporary

choices are made. The final factor is *contingency*, which shows that, despite path dependent development, economic action is not fully determined and can be subject to unforeseen changes. Whilst these features do not have a spatial rationale in terms of a more central or more peripheral geographical pattern, they help to contextualise research in this field. It cannot be assumed that firms are footloose; instead, the role of structural forces, like those which have shaped industrial location in the part, must still be considered.

2.6 Conclusion

This chapter has set out the key arguments surrounding the development of a new spatial logic, with the advent of the knowledge economy. As this chapter has shown, recent years have seen major structural changes in the economy, resulting in an increasingly central role for knowledge and information. This has not, despite some early claims, led to the ‘death of distance’ nor substantially reduced the importance of urban areas to the economy. There is evidence, however, of a complex spatial logic emerging. On the one hand, this reinforces the importance of traditional agglomeration advantages and supports dense co-location of creative and innovative firms. Yet at the same time there are pressures for decentralisation due to the agglomeration diseconomies of central locations, such as congestion and high costs. Buzz and quality-of-place advantages may also have a role to play in encouraging firm location, with the competitive advantage derived from distinctiveness.

Table 2. 6: Factors determining the spatial organisation of the economy

CONCENTRATION FORCES	DISPERSION FORCES
Agglomeration economies	Agglomeration diseconomies
Clustering and networks	Communication and technological advances
Quality-of-place-‘buzz’ advantages	Quality-of-place- liveability advantages

Source: Own analysis

Table 2.6 summarises the main factors acting to determine the spatial organisation of the economy. As detailed in sections 2.4 and 2.5 there are a range of factors, which may influence concentration in more central locations or dispersal to more peripheral sites. These factors can be related to agglomeration, both economies and disbenefits; methods of

information exchange, via face-to-face or remotely; and to quality-of-place, either within the 'buzz' of the centre or in more liveable, peripheral areas.

Any study of the location of economic activity and firms needs to be aware that the patterns result from the complex interplay of concentrating and dispersion forces. These can be active at the national and regional level and also between the core and periphery of a single urban region. While this idea came from traditional industrial location theory, it seems to apply equally to the growing knowledge economy. The extent to which this is the case, and how the relative importance of centralising and decentralising forces interact and play out, forms the central topic for this study. This asks how far the new economy can be expected to regenerate the cores of cities as opposed to boosting the suburbs and beyond. The study aims to examine these questions within one part of the knowledge economy, namely the creative industries sector. The next chapter prepares the ground for this by introducing this particular sector and describing its characteristics, opportunities and challenges.

3 The Creative Industries

3.1 Introduction

It is crucial within this study to understand the specific context of the creative industries sector. As the last chapter argued, there has been considerable restructuring in the economy, which has made it essential to engage with post-Fordist modes of production in order to increase competitive advantage. It has been necessary to develop alternative advantages, such as higher quality, specialised products, created by a skilled labour market, in an effort to satiate a wider and more sophisticated range of consumer demands. Reduced working hours and greater disposable income for many has also meant greater time to devote to leisure and an increasing demand for goods and services (Work Foundation, 2007). These trends appear well represented by the creative industry sector. The global market for creative and cultural products is expanding as communications technologies and tourism grow. In the UK, the creative industries have been firmly on the policy agenda since 1997 and the profile of the sector justified by claims of its economic weight and proposed externalities (DCMS, 1998, 1999, 2001). As well as a belief that the creative industries as a sector can provide direct benefits to the economy, it is suggested that they also provide advantages to the rest of the economy through a multiplier effect (DCMS, 1999; Frontier Economics, 2006; Higgs et al, 2008).

Studying the creative industries sector is not, however, without challenges for the researcher. There is a great deal of debate regarding a useful definition of the creative economy and what activities should be included within it. The historiography of the development of the term 'creative industries' in the UK and its corresponding breadth of inclusion of industries has been the source of much discussion and is seen by many as an attempt to over-emphasise the economic weight of the sector and simplify its characteristics for purposes of political expediency (Garnham, 2008; Oakley, 2004; Tepper, 2002). A corollary of this is that measurement of the sector is quite difficult, with additional problems being posed by the outmoded nature of existing statistical data and classifications.

This chapter begins by exploring the historical development of the term ‘creative industries’. Then section 3.3 turns to the rising profile of the sector in terms of economic weight, whilst acknowledging some challenges faced in terms of the speed of change and the uneven nature of success. It also explores the proposed ‘spillover’ benefits, whilst recognising the problems of measuring any such gains. Section 3.4 identifies the characteristics that are common to the creative industries sector, particularly focusing on its creative product, its organisational structure and its employment structure. Section 3.5 challenges this view of homogeneity and deals with the most crucial aspect of this chapter by identifying the key problems of definition and measurement. The final section draws together the main conclusions from this review and discusses their implications for the present study.

3.2 Terminology

The historiography of the current term ‘creative industries’ began with the Theodore Adorno (and Horkheimer, 1977) definition of the cultural industries, which focused on industrially-produced commercial entertainment as distinct from the subsidised arts sector. The term was deployed in an ironic fashion to demonstrate what he saw as the absorption of the arts within capitalist industry (Flew, 2002). Culture and industry were argued to be opposites and the term was used to express dissatisfaction with popular forms of culture such as magazines and films (UNCTAD, 2008). Similarly, the Greater London Council used the term ‘cultural industries’ during the 1980s to emphasise the mass consumption and wealth creation of the cultural goods of the non-subsidised part of the sector (O’Connor, 1999a).

The term ‘creative industries’ first appeared in Australia in 1994 when *Creative Nation* was published (UNCTAD, 2008). It appeared in the UK in 1997, shortly after the election of New Labour when the Department of Culture, Media and Sport (DCMS) was set up. The DCMS created the Creative Industries Task Force which was to define, map and measure creative industries. Two mapping documents were published in 1998 and 2001 and significantly raised the profile of the sector (Oakley, 2004). These documents highlighted the economic weight and regenerative possibilities of the sector.

Britain's Creative Industries Task Force defined the creative industries as "those activities which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property" (DCMS, 2001: 3). This definition identifies the central role of intellectual property rights as the criterion for inclusion (Taylor, 2006). Though not universally accepted, this definition is commonly deployed in UK policy and academic discussion. It has been argued that change in terminology from 'cultural' to 'creative' represented a repositioning towards the more universal and democratic connotations of creativity (Matarasso and Landry, 1999; O'Connor, 1999a). It represents a move away from the traditional connotations of culture, which can be "seen to reflect a top-down dispensation of elitist cultural values developed in the context of time and class, and which neglected or dismissed many forms of cultural expression and identity" (Matarasso and Landry, 1999: 13).

3.3 Opportunities and challenges for the creative industries sector

The sector has risen substantially in profile in the UK since 1997 and there are features of it which are regarded as particular opportunities and advantages. Most importantly, the sector is seen as carrying strong economic weight, explored in the first of three sub-sections below. On the other hand, as examined in the second sub-section, there are a range of challenges faced by the sector, which may affect the potential for deriving economic advantage. The fast paced nature of technological change, whilst offering potential advantages, does result in a degree of vulnerability for small firms. There are also issues with skills and the unequal share in the rewards, with the clear dominance of London in the UK. Thirdly, the sector's positive externalities are investigated, in terms of diverse spillover effects in areas like regeneration, tourism spend and attracting and retaining human capital. In relation to spillover effects, the instrumentalisation of these industries is often espoused to offer great and wide ranging benefits, but these are difficult to measure and may be harmful to the industries themselves.

3.3.1 Rising profile

The rising role of the creative economy can be linked to expansion in consumption. With rises in disposable income, the consumer market has become more powerful (Work Foundation, 2007). Real individual buying power in the UK has risen over the last 40 years and the appetite for more individualised goods and services has grown. Advances in technology have complemented these changes and allowed the increased tailoring of products to individual consumer demands. This has led to a shift away from standardisation towards increasingly personalised goods and services. In the UK rising education levels are linked with people being more likely to be active consumers who switch between brands and products and are more ready to complain. In 1970, there were around 1.7 million in further education; in 2005, there were over 5 million (Work Foundation: 2007). Associated with this is the link between consumption and the construction of identity. Consumption is regarded as a means of self expression and used as a means of symbolising attachment to social groups, spaces and places (Jayne, 2006). As Jayne expands, “Consumption is not just about goods that are manufactured and sold, but increasingly about ideas, services and knowledge – places, shopping, eating, fashion and recreation, sights and sounds can all be ‘consumed’” (2006: 5).

There has also been growth in the ‘experience’ economy. The Institute for Fiscal Studies (Work Foundation, 2007) estimates that between 1975 and 1999 the share of expenditure on ‘bread and butter’ items declined from 40% to 27% of non-housing spending. The proportion spent on services rose from 29% to 42%, with real expenditure on leisure goods increasing by 93%, entertainment by 109%, education by 319% and tourism by 270%. Customisation – tailored products and services aimed at satiating more complex consumer demand – has increased exponentially over the last thirty years. Products must be continually reinvented to keep pace with consumer demand and the lifecycle of products is considerably shorter. There is also an association between increasing individualisation and a growth in personalised consumption, which can be achieved through identity bestowed by brand, as in ‘I spend therefore I am’ (Miles et al, 1998).

The statistics tell an impressive story. In the period 2000-2005, global trade in goods and services from the creative industries grew on average by 8.7 per cent annually (Work Foundation, 2007). World exports of visual arts more than doubled from \$10.3 billion in 1996 to \$22.1 billion in 2005 and exports of audiovisuals tripled over the same period.

Much of the trade in these products occurred in the form of rights transactions, the means for buying and selling creative content.

The creative industries sector is now an important part of UK economy, raising 8% of GVA in 2003 and growing at a faster rate between 1997 and 2003 than GVA as a whole (Frontier Economics, 2006: 6). For creative workers, incomes are generally higher than average, particularly for software, computer games and electronic publishing. In 2006 they were 36% higher than the UK economy average, although since then there has been some slowdown. Creative occupations generated over £40 billion in salaries and wages in 2006, while support staff in creative industries earned an extra £16.8 billion. Overall, the creative industries workforce earned 9.6 per cent of all UK earnings (Higgs et al, 2008).

Technological change is penetrating all aspects of life and continues to expand. 60% of UK households claimed to have an internet connection in 2006 compared to 40% at the end of 2001. By 2010 the DCMS estimates that 90% of internet connected UK households will have broadband, which would represent 60% of all households (DCMS, 2009). Digitisation has led to affordable software formats, high bandwidth broadband and greater computer processing power. This has created opportunities for smaller firms including presenting products through different channels, due to digitisation, increased tailoring of products to clients and opportunities to distribute products and services through new channels. This could present a more level playing field, democratising access to include smaller production firms, but also involves challenges relating to business models and the protection of intellectual property.

Technological change, both in digital technology and increased international competition, is driving changes in market structure, encouraging a process of fragmentation and consolidation (Frontier Economics, 2006). In terms of consolidation, firms are integrating vertically and merging to achieve economies of scale and scope. This helps them to reach national and international markets. At the other end of the scale, there are increasing numbers of very small firms and freelancers who are able to be very specialised, flexible and agile, which helps them target niches in taste (Work Foundation, 2007). Further change may facilitate the vertical integration of the supply chain so that it is possible to retail and distribute through common channels (Work Foundation, 2007). This may make it easier for independents and SMEs to grow. In terms of opportunities, new products can be developed, production costs can be lowered and new distribution channels have emerged. This potentially allows smaller firms to be active in parts of the supply chain previously

reserved for and dominated by multinational companies. New distribution channels are opened up through the internet and multichannel TV (Frontier Economics, 2006). There are continuing expansions in on-demand services, such as offered by the BBC iplayer, and in time-shifting services, such as SkyPlus, alongside user-generated content on sites like YouTube.

3.3.2 Threats to the sector's continued growth

Despite the opportunities thought to be offered by the growth of the creative industries, there are a range of challenges faced by the sector. The structural changes in the economy, led by changes in information technology, have affected the nature of the business models that are most successful in developing firms in this sector. As outlined below, these rapid transformations have led to both fragmentation and consolidation in the sector. Skills shortages are also thought to constitute a limiting factor in growth within the creative industries. These shortages affect different parts of the country in an uneven way. Related to this, and pertinent to this study, is the unequal distribution of these high value economic activities across the UK, especially the undoubted dominance of London.

The speed of technological change raises challenges specifically regarding issues of coordination. With digital convergence, existing business models are being disrupted and there are problems relating to copying and downloading (Work Foundation, 2007). Copyright and intellectual property law have struggled to keep pace with changes and piracy is an increasing issue, particularly for certain sectors such as film and music. Despite offering more democratised access for contributors and users, there is increasing debate over rights. Piracy offers the means to copy and cheaply distribute media which may have been expensive to produce. The downloading of music and film from the internet is now the most common offence committed by people aged between 10 and 25 in the UK. A recent study of the costs of piracy put the cost to the audio-visuals industries at £531 million per annum (Oxford Economics, 2009). Traditional retailers such as music shops are also facing difficulties because of the expansion of internet sales and piracy. With advances in technology, the dominant business models are tested as demand has increased for digital rather than physical goods. It has become more important to capture attention with competition around market niches and preferences.

It has also been asserted that there are skills shortages in the UK which are preventing further expansions and the forging of a competitive edge in the creative economy. Oakley (2004) blames a narrow curriculum in schools and early specialisation, instead advocating more flexibility and experimentation. With increased globalisation and transnational competition, this has become a more pressing concern (Work Foundation, 2007). The UK innovation survey found that a lack of qualified workers was a bigger constraint on innovation in the creative industries than in other sectors (Work Foundation, 2007). As many creative industry firms are small and need to remain flexible, there is little incentive to train employees as they are likely to leave. This is a particular issue in the creative industries because the knowledge contained within them is largely tacit and cannot be codified as in other industries. Developing business skills is also seen as problematic.

A further issue is the London-centric nature of this sector. According to the Work Foundation's (2007) research, by far the greatest concentration of employment in the creative industries is located in London and the south east of England. These two regions together account for 46% of the creative industry workforce compared with the 27% of the total UK workforce. In some of the sectors there is a particularly strong regional skew: for example 40% of UK advertising is based in London alone. The distribution of turnover in these industries is likely to be even more imbalanced than employment, because of the larger proportion of the more specialised and higher value-added activities being in London. Export activity is also dominated by London and the south east. The London bias would be even more significant without public funding (Work Foundation, 2007).

3.3.3 Spillover Effects

As well as a belief that the creative industries as a sector can provide direct benefits to the UK economy, it is suggested that they also provide advantages to the rest of the economy through a multiplier effect (Evans, and Foord, 2003, Scott, 2000). Culture and creativity have been promoted as the panacea to reversing urban decline in the knowledge age. The posited benefits of becoming a 'creative city' cut across many aspects of policy and indeed the available evidence suggests that unlocking creative potential may well improve the prospects for successful urban regeneration. Such activity may be cultivated to attract economic gain in the form of investment, business start-ups, tourism spend and knowledge workers. These processes can empower and animate, allowing participation in and

ownership of regeneration and stimulating economic growth locally (Landry, 2000). Successfully re-imagining and re-imagining cities as creative places may unlock possibilities for revitalisation and investment (Bailey et al, 2004). The sector has secured its status not only in terms of its economic importance to the future of the UK, but also through its potential contributions to physical, social and cultural regeneration. Spillover effects of the creative economy include improving quality-of-life and city 'lovability' (Markusen and Schrock, 2006), acting as a critical driver of wider prosperity (Myerscough, 1988) and, as seen in Chapter 2, attracting the much coveted 'creative class' (Florida, 2002).

The positive externalities encouraged by a vibrant creative industries sector contribute to quality-of-life and enhance place image and prestige (Scott, 2004). It is hoped that a strategic inspiration of new attitudes to a place will encourage the attraction and retention of skilled workers, graduates, tourists and business investors there. To capitalise on these possible outcomes, a number of mechanisms have been taken up in cities across the UK and the world. The dominant form of using culture for economic renewal has focused on the re-imagining of the declining industrial city with the aim of shifting it into a post-industrial phase. By employing spectacular events, flagship projects and advertising campaigns, often in tandem, a positive image change has been sought by many cities, especially those with an industrial past (Evans and Foord, 2003; Garcia, 2004a, 2004b).

The important role of the 'grands projets' (Matarasso and Landry, 1999) has been extensively recorded. Cities pursuing large events such as the European City of Culture or the Olympic Games explicitly set out economic and social, as well as cultural, goals as their aspired legacy of participation. Economically it is hoped that an event of this scale will create significant employment opportunities and revenue from visitor spend. In some circumstances, investment in events which raise the status of a city can lever enormous additional value. This is related to the significance of quality-of-life in the location decisions of people and businesses (Myerscough, 1988; Florida, 2002). A related issue for cities and their regions in the UK is the retention of graduates who have attended their universities. Many of the graduates attending universities in other regions are lost to London when they begin the search for employment. The creative industries tend to employ highly skilled workers at high wages, so developing the sector can be seen as a way of expanding the number of skilled workers in other cities and regions. This approach was critiqued in the previous chapter.

As already discussed in the previous section, as the global market for creative and cultural products is expanding as communications technologies and tourism grow, distinctiveness may be generated from a local strength in a sector. For example, by embedding the development of the computer games industry cluster within the education institutions, Dundee has managed to forge a competitive niche within the economy. The University of Abertay was the first UK University to set up a BSc and MSc in Computer Games Technology and now alongside London, has the largest number of games development employees in the UK (Skillset Audio Visual Training Group / DCMS, 2001).

The creative economy is associated with fostering diversity. In particular, the creative industries can be felt to promote the gender balance as a significant number of women work in the production of arts and crafts, fashion-related areas and the organization of cultural activities (UNCTAD, 2008). A culture of knowledge entrepreneurship is also associated with openness and social mobility (Leadbeater and Oakley, 1999, 2001). From an environmental protection point of view, the creative industries sector could be regarded as more sustainable as they do not rely on the intensive use of raw materials as with manufacturing or heavy industry. Instead their primary input is human capital and creativity (UNCTAD, 2008).

The positive re-imagining associated with a vibrant creative industries sector is also asserted to benefit internal perceptions of the city, in terms of civic pride. Cultural developments, it is maintained, can act as symbols for rebirth, renewed confidence and dynamism (Bailey et al, 2004; Garcia, 2004a, 2004b). Thus the creative industries are regarded as having social benefits associated with knowledge entrepreneurship such as increased social capital and inclusion. A vibrant cultural scene “can be among the most powerful means of reinforcing local and regional identity, and... it is the degree to which such projects can help build the sense of place that will ultimately determine the breadth and depth of their contribution to a local or regional economy” (Anderson and Nurick, 2002: 17).

Despite the potential benefits, there are problematic aspects of this instrumentalisation of culture and the creative industries. In efforts to make cities appealing to a footloose creative class, polarisation may be caused between rich and poor. The selective use of identity through branding campaigns and the concentration of funding on city-centre infrastructure, to the detriment of cultural projects in other parts of the city, can lead to alienation and division. Capturing identity is a selective process and, as such, can act as a ‘carnival mask’ rather than a catalyst for regeneration. There can sometimes be an inherent

mismatch between the aims of place promotion and those trying to reflect an authentic local identity. “Culture has a wide variety of meanings and values. To invoke culture is to open up a Pandora’s Box of different symbolic representations and complex personal, national and group identities” (Evans and Foord, 2003: 167).

One of the most important challenges is for cities to forge a distinctive identity, asserted to give competitive advantage, rather than trying to replicate successful approaches from elsewhere, which often leads to generic and homogenised results that are unsustainable in the long-term. The pursuit of distinctiveness may result in a recipe with similar ingredients used everywhere (Turok, 2008). Only a few cities are likely to achieve international recognition as major cultural centres due to the high attendance figures, substantial public-sector investment and constant re-invention that are necessary for continued success. Using consumption-orientated strategies for regeneration, which instrumentalise areas which have become popular with creative industry firms, may impact negatively on these sectors. This is exemplified by the difficulties encountered by artists and other creative types who colonise run-down areas taking advantage of their cheap rents. Developers, landlords and gentrifiers themselves may see this as a virtuous cycle as the areas then improve in popularity and experience rising property prices. Aside from the marginalisation of groups displaced from these areas, they may also become victims of their own success. As office and luxury residential properties invade these areas, then their distinctive flavour and appeal are likely to be lost.³

The above account shows that the creative industries sector well represents many of the opportunities and challenges found within the knowledge economy as a whole and perhaps even exemplifies them most acutely. The profile of the sector has risen, driven by expansions in consumption and rapid technological change. However, problems relating to this fast-paced environment for change had led to uneven development and skills shortages. The potential for deriving spillover effects from growing the sector has also contributed to this rising profile, but again issues remain concerning the instrumental use of these industries.

³ This process will be discussed in greater detail in Chapter 4

3.4 Distinctive characteristics of the creative industries

Significant emphasis in the literature is placed upon the shared characteristics of the creative industries sector. It is therefore important to explore the commonalities between the different activities included under the banner of the creative industries. Whilst not being exclusive to the sector or shared by all the component parts, these characteristics tend to be seen in the activities involved. Explored in this section are three main sets of characteristics: the product; the organisational structure and the employment structure. These shared characteristics may influence the spatial needs of the sector, which will be explored in greater depth in Chapter 4. Section 3.5 goes on to problematise some of this notion of homogeneity by charting problems of definition and measurement.

3.4.1 Nature of product

It is asserted that there are several commonly shared qualities of the creative industries' product. Firstly, it tends to be of a very high value-added nature, which is derived from the knowledge-intensive aspects involved in its creation, production, marketing and distribution. Creative products tend to possess symbolic or sign value, which can be ideas, experiences and images, rather than solely utilitarian functions (Scott, 2004). Some creative industries, such as music, supply "a final product that has virtually no other interest to the consumer than its aesthetic and semiotic content" (Scott, 1999: 1965). Their value is dependent on the end user decoding and finding value within these meanings (Bilton and Leary, 2002). The creative industries sector is dependent on a high level of product differentiation and specialisation. Helbrecht notes that, "Creative services operate at the heart of the symbolic economy, therefore cultural capital is central to their success" (1998: 5). They are closely tied to fashions and trends and, as such, are short lived, being lodged in ephemeral signs, meanings and senses of style. As a result of this, the market for products in this field is volatile, rapidly changing and high risk (Banks et al, 2000). By necessity, the sector is "innovative, entrepreneurial, flexible, creative, ideas driven, mixes the local and the global and, as such, is placed at the leading edge of the new post-industrial, informational economy" (Banks et al, 2000: 454). This is generated by increasingly specialised consumer preferences regarding the nature of products, which are heterogeneous and irregular in scale. The markets tend to be niche and the products are highly customised.

3.4.2 Nature of organisational structure

Firms within the sector tend to be small and agile, operating within a networked chain of interrelated activities (Rantisi et al, 2006). The high-risk nature of the sector necessitates intensive networking (Scott, 2004). The ideas-generation stage of the value chain is regarded as the one with the highest valued added and tends to be characterised by small and independent firms and by sole trader and freelance activity (Frontier Economics, 2006). Small firms and individuals are suitable for providing the model of flexible specialisation and so, structurally, the majority of creative industry firms are small and are complemented by only a few large establishments (Scott, 2004). Scott (2004: 467) details the organisation of the sector along the lines of 'systems houses' which he describes as establishments "whose products are small in number over any given period of time, but where each individual unit of output represents huge inputs of capital and labor". Relationships between SMEs and multinational firms are important as small firms are more able to produce a distinctive product and large firms can reach a global audience for these products and services (Frontier Economics, 2006). As Leadbeater and Oakley (1999: 14) describe, "Cultural industries based on local know-how and skills show how cities can negotiate a new accommodation with the global market, in which cultural producers sell into much larger markets but rely on a distinctive and defensible local base".

Large firms in the creative industries, as with other sectors, are more associated with mass production and are, therefore, associated with more standardised parts of the supply chain, particularly manufacture, distribution and retail. These standardised parts of the supply chain are the ones most at risk of being undercut by producers in the developing world. Business goals are not solely profit-orientated in the creative industries sector, but also must focus on innovation in niche areas. It is this "volatility, changeability and instability which places risk so centrally within the biographies and practices of the cultural entrepreneur and makes their work so adaptable to, and indicative of, the 'risk society'" (Banks et al, 2000: 458). Thus creative industries are operating in a volatile environment and tend to be small, under-capitalised and under-managed and so it is their adaptive nature and networking capabilities that are said to help overcome these weaknesses. Successful creative industries depend and thrive on knowledge and information of a tacit nature, which is the key to their possible contribution to economic sustainability.

3.4.3 Nature of employment

In terms of workers in the sector, there are specialised demands which must be met by highly skilled, talented and committed individuals. The workforce is disproportionately young and well educated, with about 43% passing through some form of higher education (Leadbeater and Oakley, 1999). It is common for workers to be self-employed, with estimates of 28% to 34% of the sector compared to 15% of the economy as a whole (Leadbeater and Oakley, 1999; Higgs et al, 2008). It is also very common for employment to be temporary and seasonal. This brings with it the need to nurture networks to support the flexible systems of employment (Turok, 2003). Personal relationships are becoming more important as they are valued as a business resource (Wittel, 2001). Often workers with different sets of skills will work together on a short-term basis. These attributes impact on the location of businesses within the sector and their interaction with other firms. Creative businesses are said to “thrive in milieus, networks, clusters, embedded knowledge and informal infrastructures of the city” (Banks et al, 2000: 454).

As this section has demonstrated, there exists a significant amount of literature that emphasises the commonality of a range of structural features shared by the creative industries. The nature of the product is recognised as being particularly distinctive and, while organisational structure and the nature of employment cannot be considered entirely exclusive to this sector, the extent to which small size of firm and flexible working predominate is distinctive. These features hold potentially important implications for their locational preferences. This account, however, should be nuanced by the problematic aspects of describing the sector. It is crucial to be aware of these complexities before proceeding further with the study. Therefore the next section undertakes a review of the key challenges of researching the creative industry sector.

3.5 Challenges of studying the creative industries sector

Up to this point the creative industries sector has been taken at face value from the literature, for example regarding the size of its growth, with the previous section emphasising the commonalities and distinctiveness even while suggesting a diversity of

outputs. The fact is, however, that the definition of the sector is not clearcut and the problems are made worse by the inability of classification to keep up with the furious pace of change. These challenges have implications for any attempts to identify and measure the sector both in spatial and in conceptual terms.

3.5.1 A clear definition?

Despite a great deal of policy attention and the existing evidence of the benefits of expanding the sector, there exists a lack of clarity regarding its definition and the range of activities to be included. Definitional and terminological clarity are of the utmost importance in designing research, so the fact that there is no universally accepted definition presents challenges for studying the sector. As noted in section 3.2, there have been several large-scale shifts in the dominant terminology of this field, which account for some of the confusion in defining the creative industries.

There is a significant level of disagreement over the definitions of the creative industries. The diversity of definitions has led to “terminological clutter” (Galloway and Dunlop, 2007: 19). Creative industries and cultural industries are terms sometimes used interchangeably and, in fact, many of the activities that each includes under its remit are likely to be considered the same. As discussed in section 3.3, however, the shift to using the term creative industries has tended to broaden the definition of which sectors and activities are included. UNCTAD (2008) asserts that creative goods can be seen as essentially commercial products, but ones that also involve some creativity. A broad definition of creativity is commonly employed in policy to move away from traditional conceptions of solely high art. Whilst traditional ‘high’ arts like opera, literature, fine art and drama are included in this definition, so are festivals, story telling and graphic design.

Definitional questions can be divided along breadth and depth lines. In terms of breadth, the divisions can be articulated over whether to include activities such as the gaming industry, tourism and sport (Pratt, 2005). Sporting events are sometimes incorporated as, whilst some are critical of this, they certainly embody aspects of culture “as a ritual or custom expressing shared values and as a means of affirming and consolidating group identity” (Throsby, 2001: 5). Sport is commonly under the same institutional remit as culture, as in the UK government with the DCMS. Sport is also an important source of

revenue and generates positive externalities in other sectors of the economy (UNCTAD, 2008). However, as UNCTAD (2008) highlights, sport is more associated with training, rules and competition than with creative content. There is also debate around the inclusion of research and development, and science more generally, due to the role of intellectual property. Furthermore, there is a definitional split along institutional, and therefore operational, lines (Flew, 2002). Demarcation is drawn between those areas involved with mass production and distribution, which are therefore more directly connected to the market and which in the UK fall under the DCMS remit, and the more 'artist centred' areas of culture, which are the responsibility of the Arts Council.

With questions of depth, decisions over what is included can be drawn along several lines, including content origination, exchange, reproduction, manufacturing inputs, education and critique and archiving (Pratt, 2005). The DCMS evidence toolkit suggests that activities are divided up into the 'cultural cycle' using a generic value chain for the sector. The value chain is set out and different forms of activity can be located within each link in the chain. The six parts are creation, making, dissemination, exhibition/reception, archiving/preservation and education/understanding. This conception of a value chain is aimed at building up measurable data, mainly by encouraging users to collate data to populate each link of the chain (DCMS, 2004).

There are a number of different models, beyond the DCMS model, which aim to classify the activities included within the creative industries.⁴ Most divide activities into those seen to be at the core of the sector and those that are deemed more peripheral. The Symbolic Texts Model (UNCTAD, 2008) focuses on popular culture, regarding 'high' arts as the remit of the establishment. The Concentric Circles Model contains activities with a pronounced cultural content at its core and with a decreasing proportion of cultural to commercial content in the outer layers (UNCTAD, 2008). The WIPO (World Intellectual Property Organization) Copyright Model focuses on intellectual property, like the DCMS model, but here a distinction is drawn between activities which produce intellectual property and those which help to convey the good or service to the consumer (UNCTAD, 2008). The UIS (UNESCO Institute for Statistics) trade-related model is based on cultural goods and services entering international trade. Again there is a distinction between the core, comprising products and services with a cultural content, and more peripherally the international exchanges they generate, such as services data (Throsby, 2007). The

⁴ A list of these classification models and the activities they include can be found in Appendix 1

Americans for the Arts Model defines the creative industries including both for-profit and non-profit businesses involved in the creation or distribution of the arts (Throsby, 2007). Essentially included in this mapping document were businesses involved with the production or distribution of the arts (Throsby, 2007). Finally, the UNCTAD classification divides activities into ‘upstream’ ones, which comprise more traditional cultural activities, and ‘downstream’ ones which are those closer to the market (UNCTAD, 2008).

Clearly, there is considerable variation in the nature of the activities included under the creative industries remit. An alternative way of exploring what activities comprise the creative industry sector is to see if an economic activity meets certain eligibility criteria. It is therefore useful to think about the kind of criteria that might be used to determine a helpful classification of the activities included within the UK creative industries sector. There is some convergence on a core group of activities and their interactions. Creative industries use human creativity and intellectual capital as primary inputs (UNCTAD, 2008). Creativity is a loose term which can be considered to possess multiple qualities. UNCTAD (2008) suggests three types of creativity relevant to the creative industries. Firstly the report refers to artistic creativity, which is based upon the imagination’s capacity to generate original ideas. Next, scientific creativity is seen as possessing qualities of curiosity and experimentation. Thirdly, economic creativity is associated with innovation and dynamism.

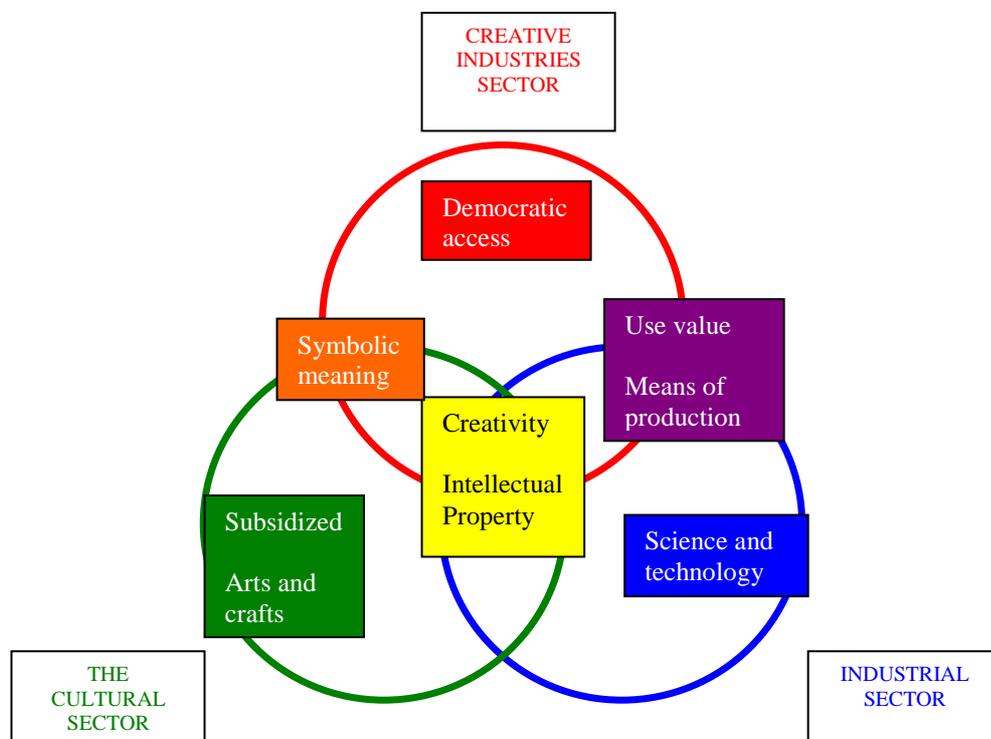
Further to creativity, products of these industries tend to be possessed of symbolic quality or sign value and are not solely utilitarian, and they also contain some intellectual property (UNCTAD, 2008). In terms of cultural production, the sectors and activities included in the creative economy tend to have three common features. First, products possess symbolic or aesthetic content. Secondly, their consumption grows with increases in disposable income. Finally, there is a spatial rationale for production which encourages clustering, whilst products compete in global markets (Scott, 2004). Discussion of the spatial rationale of the creative industries will take place in Chapter 4.

Galloway and Dunlop (2007: 19-25) suggest a useful set of criteria centred on five key factors: creativity, intellectual property, symbolic meaning, use value and methods of production. *Creativity* is considered a key ingredient, but is often too wide to provide a helpful definition as it can encompass innovations in science or other industries. As Galloway and Dunlop point out, “Conflating cultural creativity with all other forms of creativity fails to take adequate account of the important differences between cultural and

creative industries” (2007:26). The existence of *intellectual property rights* is frequently drawn on as the organising principle behind the creative industries, but again this can be located in many other sectors, especially with the advent of knowledge-based industries. *Symbolic meaning* can be identified as a specifically creative characteristic. Thus symbolic goods are those which have their value derived largely from their cultural value. *Use value* goes a step further than this to suggest that some goods may have symbolic meaning, but are not produced within the creative industries. The *method of production*, as Galloway and Dunlop recognise, cannot be separated along industrial versus artisan lines as either mode can produce culture. Creative industries do not have to be small scale and artisan in nature. A Hollywood film would certainly represent a creative product, but is produced on a vast scale.

Based upon all these definitions and dimensions Figure 3.1 provides an outline for the types of activities that can be considered part of the creative industries sector. It seeks to demonstrate overlap and distinction between the different sectors and uses the criteria provided by Galloway and Dunlop (2007) to express some of the tensions and synergies between the cultural sector, industrial sector and creative industries sector.

Figure 3. 1: Definition of the Creative Industries



Source: Own Analysis

At the core of the classification are creativity and intellectual property, used by all of these three sectors. Feeding into this from the cultural sector is the role of the subsidised arts sector and the arts and crafts that are associated with more traditional cultural production. The creative industries sector and the cultural sector share a symbolic meaning associated with their products. The creative industries sector is associated with more democratic access than traditional 'high' forms of culture.

Operationally, the DCMS definition was used within this thesis which, as discussed, is a broad definition which emphasises the role of intellectual property. In terms of activities, it includes advertising, architecture, the art and antiques market, crafts, design, designer fashion, film and television, interactive leisure software, music, the performing arts, publishing, and software and computer services. In order to calculate location quotients and map concentrations of the sectors, it was important to chime with the UK definition. Much local and regional policy is also structured around this definition. This was helpful for examining institutional support and identifying policymakers to speak to. Part of the aim of the study was to maintain reflexivity and think about whether the activities included under the definition had strong enough commonalities in their relationship to space and place to warrant their combined policy support.

3.5.2 Measurement: Capturing Value?

A further challenge in researching the creative industries, linked to definition, is that of measurement. Measuring the sector is a difficult thing to do. There are different histories of data collecting, gaps in reporting, no relevant national industrial classification and a lack of shared mechanisms for collecting data. Causal attribution is very difficult to achieve and a result of this is that impacts that are difficult to measure may be downplayed or ignored (Holden, 2004). Moreover, inputs are not commonly measured, which creates further questions of additionality.

Tepper (2002) critiques some methods frequently used for measuring the economic weight of the sector. Commonly, he asserts, definitions tend to aggregate a wide breadth of activities and concentrate measurement on outputs. Problematic for Tepper is that even a

slight alteration in a category of activity or output can result in a huge change in the statistical figures. This can do more to obscure than reveal generalisable trends. Creating a semblance of the bigger picture may “satisfy the requirements of accountability; might be persuasive in terms of justifying subsidy; or might serve the purposes of advocacy by proving that the cultural activities make a substantial contribution to GDP” (Selwood, no date: 1). Garnham (2005) asserts that, in the DCMS mapping document, the word creative was used so that the whole of computer software could be included and only on this basis was it possible to make claims about size and growth stand up. Due to the extent of advocacy work done in relation to this sector and its rising profile, there is a considerable amount of rhetoric expounding the virtues of the creative industries. The corollary of this is that there is a weight of expectation placed upon what these sectors are being expected to deliver. There is often a gap between this and the observed evidence base, which is much smaller (Oakley, 2004). As Tepper (2002: 163, emphasis is original) suggests, “The sector is heterogeneous, and effective policy must be informed by thorough analysis of the component parts of the system and their interrelationships. So, the lesson is that aggregating might be good for **politics**, but disaggregating is essential **for policy and understanding**”.

Instrumental values have tended to dominate in attempts to measure the creative sector, firstly around economic impact and more recently in terms of contribution to social inclusion. Largely there has been an acceptance of an essentially commercial framework for understanding and development within the field (Shorthose, 2004). This is reflected in the expansion in the collection of statistics in the sector. This current demand for an ‘evidence base’ in all areas of policy making, including culture-led regeneration and creative industries development, is heavily reliant on quantitative data, which may fail to capture the intricacies of this sector. The DCMS is required to reach specific targets and provide evidence of efficient resource management, despite recognition that a paradigm resting on such a highly determined relationship is inherently flawed (Selwood, 2006).

Employment data from the Annual Business Inquiry (ABI) can be used to calculate the distribution of creative industries employment by sub-sector. Problematically, however, all the classifications, aside from advertising, tend to group together both creative and ‘non-creative’ activities under a single code. For example, architecture is included in the 7420 code, but this code also includes quantity surveying and a wide range of engineering activities that are not included under the ‘creative’ label. Yet the structure of the Standard

Industrial Classifications⁵ (SICs) means that, in order to identify a single sector ‘The Creative Industries’, it is necessary to use these more aggregate industrial codes. In order to mitigate this, a prescribed proportion of the wider code must be taken to represent only the element that is deemed to be part of the creative industries.

There is also a significant challenge to be faced in capturing the opportunity costs of one course of action or “the value of that which must be given up to acquire or achieve something” (Bannock *et al*, 1992: 314). In his discussion of funding for development and events, Jones (2005) asserts that there is often very little consideration of opportunity costs. Yet this is fundamental to assessing the true cost of any course of action and, moreover, need not be assessed solely in monetary terms but in terms of any type of value. As discussed previously, a vibrant cultural scene can contribute to the quality-of-life that people experience in the area and thus to the image that a place has. These largely intangible features may greatly affect the economic future of a place, but remain unmeasured and indeed are immeasurable by conventional methods.

As suggested earlier, there is a “tendency to value culture for its ‘impact’ rather than its intrinsic value” (Selwood, 2002: 1). As Evans suggests:

This requires learning selectively from the ‘evidence’ which must be conditioned by what is an unhelpful but endemic bias in this field. A pluralist rather than standardised approach is therefore an imperative, since this is unlikely to emerge from the regeneration regimes and ‘evidence base’ currently on offer (Evans, 2005: 978).

Any measurement of intrinsic value is complex and often met with criticism due to associations with a paternalistic ‘bestowing’ of culture. This is certainly a drawback, but does not detract from the importance of widening the conception of impact and value. Holden asserts that it must also be extended to include the concept of institutional or public value: “the difference between what citizens give to and what they receive from public bodies” (2004: 42). This concept includes the ways of doing things which might inspire or achieve trust, equity and conviviality. It is therefore clear that capturing processes as well as impacts is important.

This has implications for policy creation because uniform policy is unlikely to be successful. As Pratt (2005: 35) recognises, “A ‘one size fits all’ creative industries strategy

⁵ A table of creative industries and their Standard Industrial Classifications can be found in Appendix 2

may be ineffective and the creative industries may differ from other industries, social or cultural activities”. This muddying of the waters has certainly exacerbated the definitional problems. This view is recognised by O’Connor (1999a: 4) and described as a “general sense of unease with ‘culture’ and a more popular (in the UK) acceptance of the word ‘creative’” which, he asserts, politically “points to a working through of a more directly economic and value-laden agenda”.

How different activities are categorised is particularly relevant for funding. For example, there are differences in specialised tax breaks for the different sectors. As it is considered more cultural, the film industry is more likely to be funded than the gaming industry. Oakley (2004) points out the irony that the case for economic intervention is made in relation to market failure and that an industry which is quite successful is less likely to be funded to expand and grow.

The broad DCMS definition has helped to raise the profile of the sector, but does combine a diversity of activity. This can be challenging for selecting the right course of intervention. Another problem for policy can be described as the ‘cookie cutter’ approach which is the sense that these sectors can be replicated and developed pretty much anywhere, without regard to the specifics of place (Oakley, 2004). Oakley (2004: 73) goes on to assert that “All regions are pursuing the same culture-/knowledge-based economic development strategy despite the evidence that their human capital stock cannot support it and they will have difficulty in the short and medium term in attracting and retaining the kind of workers on which these economies depend”. There is also a lack of a coherent joined-up strategy with marked differences between policies of the RDAs (Jayne, 2005).

3.6 Conclusion

This chapter has demonstrated the relevance of a study focused on the creative industries. The rising profile of the sector, related to the claims made about its economic weight and also about its additional spillover effects in regeneration efforts, has placed it firmly on the policy agenda. Within these claims, nonetheless, some caveats were identified. In terms of economic weight there are clearly problems of accurately quantifying the significance of the sector. There are also concerns about its sustainability, arising principally from the speed of change and uncertainty of the industrial landscape within which creative firms

operate. Furthermore, the discussion of proposed spillover effects was nuanced by issues related to the instrumentalisation of culture and creativity.

As seen in this chapter, the bulk of the literature emphasises the shared characteristics of the sector in terms of the nature of the creative product, organisational structure and the nature of employment. This would seem to positively support the choice of studying the creative industries sector as the sub-set of the knowledge economy that most strongly exemplifies trends relating to a new organisation of work. Further investigation of the sector, as in section 3.5, would, however, lead us to qualify this homogenous view of the activities of the creative industries.

Specific issues were identified relating to definition and measurement. Despite a degree of convergence in thinking about the general characteristics of the sector, disparities remain in determining the exact range of activities included. These partly stem from the politically driven over-emphasising of the economic weight and positive externalities of the sector. This has tended to broaden the definition of the sector and made conceptual understanding more limited.

The challenges of definition and measurement are important to keep in mind for developing the present study. Due to gaps in data provision and the datedness of industrial classification, it may be difficult to deploy quantitative data to gauge a meaningful and accurate picture of the sector. The definition selected for this study, primarily because of its widespread operational use in the UK, is the DCMS's one, which is a fairly broad definition with an emphasis on the generation of intellectual property. Chiefly this chapter has shown that it is important to be mindful of these disparities in definition and measurement when undertaking research in this area.

Against this background picture of the creative industries sector, the next chapter will build on the ideas outlined in Chapter 2 and specifically look at the different ways in which place and space matter to this sector.

4 If place matters, it matters most to them'⁶: a spatial logic for the creative industries?

4.1 Introduction

This chapter explores the different ways in which the new spatial logic of the knowledge economy may be exemplified within the creative industries and introduces examples to demonstrate what is known from existing research. In line with the characteristics associated with the sector discussed in Chapter 3, this chapter examines the literature to find if there are specific spatial patterns associated with these. Particular spatial and place-based factors are argued to be central to the development and organisation of creative industries. The need for proximity is commonly identified as a priority in this sector to allow flexibility, develop networks and offset risk (Banks et al, 2000; Scott, 2001). Creative businesses are also said to “thrive in milieus, networks, clusters, embedded knowledge and informal infrastructures of the city” (Banks et al, 2000: 454). Other place-based factors relating to the built environment, existence of cheap space, public-sector support framework, connectivity, local identity, institutional environment and availability of amenities are also drawn upon as possible influences in the locational choices of creative industry firms (see for example Drake, 2003; Helbrecht, 1998; Hutton, 2004; Leadbeater, and Oakley 2001; Markusen; 2006).

This chapter begins in section 4.2 by exploring why co-location is a dominant feature of the creative industries, by looking at the proposed advantages of spatial clustering. It looks at why proximity and urban concentration appear to be considered vital for success. Characteristics of the creative industries sector, including their propensity for project-based work and an industrial structure characterised by small firms, are explored to reveal a possible rationale for their spatial organisation. It is argued that, based on the evidence in the literature, the creative industries sector seems to have an extreme compulsion towards proximity and therefore offer an interesting case study within the knowledge economy. Section 4.3 goes further to suggest that very localised historical, cultural, social and physical factors may influence the success of creative production in particular places. It

⁶ Barnes and Hutton (2009: 1251)

explores the way in which creative industry activity has historically developed from areas characterised as creative milieus and reviews the evidence regarding which factors were crucial in their growth. Section 4.4 then explores the tension between the local ‘buzz’ associated with a creative milieu and the need for firms to be outward looking to avoid stagnation. In order for businesses to mature, grow and compete, it appears necessary to tap into external markets. As a corollary of the factors which point to co-location, section 4.5 points to a number of forces which oppose this concentration and alter the spatial balance. These dispersion forces like congestion, lack of space and reduced liveability may diminish the propensity for creative firms to co-locate. Section 4.6 concludes the chapter by highlighting the forces and processes that have been found to influence the spatial organisation of the creative industries. It suggests a set of themes and corresponding factors that are likely to affect firms’ preferences for a central or more peripheral location within an urban region.

4.2 Co-location in the creative industries

This section introduces co-location as a dominant spatial pattern within the creative industries. Polese and Shearmur assert that “The precise set of conditions that produce a ‘creative’ environment are almost impossible to define, but agglomeration is manifestly a necessary condition” (2004: 436). There are clear advantages for the creative industries of being located in cities, which are derived from the scale of the urban area including connectivity, public-sector support, labour market, institutional support and consumer demand. Large urban areas offer a range of supporting and complementary services and institutions related to training, research, and finance (Rantisi et al, 2006). As with the broader knowledge economy (as discussed in Chapter 2), specialisation in a concentrated geographical area is suggested to give benefits in its access to intermediate inputs through outsourcing, rapid and flexible service delivery system, and access to a workforce pool with relevant and specialised skills (Odedra, 2004). Untraded forms of interdependency are found in the cultural and institutional setting of economic activity, which shape behaviour and are strongly tied to place (Scott and Storper, 2003). The embedded nature of these routines supports the claim that advantages of agglomeration are of particular relevance to the creative industries. As Reimer et al (2008) point out, there are extraordinarily high degrees of spatial agglomeration in the creative industries, especially favouring centres with a global status.

Research suggests that co-location is an ideal environment for creative industries to operate within. Commonly drawn upon as one of the most crucial factors in creative industry success is the presence of human capital. Mommaas (2004) draws on three factors, which demonstrate the importance of clustering in the creative industries. He asserts that clusters are expected to create a local climate favourable for creative workers to be active in. There is also thought to be wider symbolic and infrastructural spin off which is likely to attract more workers. Finally, clusters are expected to function as a context for trust, socialisation, knowledge, inspiration, exchange and innovation in a product and service environment characterised by high risk. Geographically clustered networks of resources, particularly human capital, are very important to the creative industries and are often considered the key to successful project work. Deep local pools of creative and skilled labour are advantageous both to firms and employees (Reimer et al, 2008). The literature suggests that the geographic proximity of individuals possessing human capital, skills, expertise or creative capabilities enables interactions which result in the spillovers that are crucial for innovation (Stolarick and Florida, 2006). This appears to be true, for example, in the film industry where access to networks is crucial both in the US (Hollywood) and the UK (London) (Ekinsmyth, 2002). Further to this, there may be an ‘atelier’ effect where the number of skilled individuals exceeds the labour demand, paving the way for new entrepreneurial activities (Santagata, 2002). In Cook and Pandit’s (2007) study comparing the broadcasting industry in three city-regions, London was found to be advantaged by several factors relating to the possibility for knowledge spillovers. The labour market in London offers a pool of talent unrivalled in the UK. The highest financial rewards and the most prestigious projects are located there. Moreover, as a deep labour pool is necessary for the security of employees, skilled workers are likely to be encouraged to settle in a large urban centre offering a range of employment opportunities.

The industrial structure of the creative industries sector tends to make clustering even more advantageous than in the wider knowledge economy. As described in Chapter 3, the sector contains large numbers of very small firms. This allows them to be flexible but poses certain problems that can be somewhat offset by co-location. The problems associated with small firm size include less access to technological information, restricted resources and high training costs. Clustering is beneficial in this regard, as it “can derive competitive advantage by obtaining efficiency gains that a small firm could not manage on its own” (Wu, 2005: 3). It is further suggested that the spatial clustering of related industries and skilled workers allows the development of an innovative environment likely to lead to a competitive and specialised local economy. Co-location offers benefits in terms of

coherence with a shared learning process, path dependence, complementary resources and technological opportunities (Bathelt et al, 2004). Co-operation and competition take place simultaneously as there is a common pool of labour, knowledge, information and ideas (Wu, 2005).

Banks et al (2000) argue that the market for creative products is volatile and creative firms are not solely profit-orientated, but also are keen to remain innovative. As formal support structures such as banks and business support organisations are generally ill-equipped to help with the needs of creative industries, networks are seen as necessary to temper risk and inspire trust (Banks et al, 2000). Informal and untraded relations are often more important in creative industries than are formalised interactions (Bayliss, 2007). For instance, in her study of creative industry firms operating in the lace market in Nottingham, Crewe (1996) identified the use of informal networks and ‘gentlemen’s agreements’ to derive more secure tenancy arrangements.

With the advent of the knowledge economy there has been a shift from permanent to freelance and contract employment. Short-term and temporary collaboration is a corollary of a more reflexive and flexible economy, and the creative industries exemplify this trend. Firms are active in a volatile environment and so an adaptive nature and networking capabilities are needed to help overcome these weaknesses. This leads “to the rejection of large hierarchical organisations in favour of networks of small firms able to respond and adapt quickly to changes” (Antcliff et al, 2005: 6). For example, within the advertising industry campaigns are increasingly responding to current events and face increasing competition for media time and space. Workers need to come together on projects with little notice and on an ad hoc basis (Grabher, 2004). There are several characteristics of this shift. Project work takes place over a limited timescale and consists of interrelated tasks (Sydow and Saber, 2002). Meeting deadlines is the main criterion of evaluating performance (Grabher, 2002a). Importantly, project members tend to be assembled by a project manager and are often made up of past collaborators from the same network of contacts. In this way it is inter-personal rather than simply inter-firm relations which form the basis of the networks coming together to work on projects (Ekinsmyth, 2002).

The structure of project-based work can be described as “flexible networks, or latent organisations consisting of groups of workers from different occupational groups, who come together repeatedly to work on successive projects” (Antcliff et al, 2005: 15). These networks are characterised by mutuality, trust, shared expectations and norms governing

behaviour (Antcliff et al, 2005). The findings of Antcliff et al's (2005) study of workers in the audio-visual industry in the UK suggested that individuals in this sector sought to reconstruct stable employment relations through their involvement in and use of networks. The trust and reciprocity engendered by stable networks, built up over time, were used to offset the risk associated with the erosion of stable employment. These findings are echoed by a study of TV content production in two media regions in Germany by Sydow and Staber (2002) who found that, although firms come together to work on particular projects, typically their business relations extend for a much longer period than this. Commonly, firms and individuals who have worked together in the past will reassemble for further project work aided by their past experiences and expectations, even when they can only meet for short periods of time. Grabher (2002a) contends that it is 'know-who' rather than 'know-how' which dominates these networks and therefore it is essentially a 'reputation' business. Projects can provide access to training and acquiring skills, but a reputation can be built once the core of long-term relationships is accessed (Grabher, 2002b).

Projects are likely to favour proximity amongst participants for the regular face-to-face contact which is thought to encourage the transferral of tacit knowledge (see Chapter 2). The creative industries are argued to be knowledge-intensive, with a far greater reliance on the transferral of tacit information or know-how. Unlike codified knowledge which can be transmitted globally, over long distances and at low cost, tacit knowledge tends to be 'sticky', non-articulated and embedded and is considered best transferred by those co-located in clusters (Bathelt et al, 2004). Face-to-face exchange gives rise to what Bathelt refers to as an information and communication ecology, which can be described in a number of ways such as 'industrial atmosphere', 'noise', or 'buzz' (Bathelt, 2005). Co-location helps firms translate and understand local buzz transmitted through tacit knowledge. He argues that tacit knowledge is automatically accessed by those firms located within a cluster (Bathelt, 2005).

Some networks are highly place-specific due to the difficulty and high cost of transmitting tacit knowledge and also due to locally based cultures and traditions (Sydow and Staber, 2002). Those actors who are located in the pool are exposed to 'noise', including rumours, impressions, recommendations and trade folklore, which allows them to become enculturated (Grabher, 2002a). The more short-term the project, the more important co-location of project partners becomes (Grabher, 2002a). Proximity encourages the development of untraded interdependencies, which are of benefit to creative workers who

work part-time or via contracts. Watson (2008) suggests in his study of London's music industry that organisational connections can offer, at best, only a very partial substitute for geographical proximity, particularly those already embedded in communities of practice. Proximity is also useful for meeting material resource requirements, such as access to studio space. This clearly has a spatial rationale that again points to the primacy of co-location for the creative industries.

Creative industries are regarded 'high-touch' as well as high-tech, meaning that the ability to meet lifestyle preferences and network in informal surroundings is seen as crucial to the success of firms (Montgomery, 2007). The creation of an institutional structure is often stimulated by local buzz, leading to the development of communities of practice. Co-location allows the development of shared structures: language, technical attitudes, interpretative schemes and 'communities of practice' (Bathelt et al, 2004). Grabher (2002a) describes this process as 'hanging out'. The development of communities of practice, based around agglomerations of skilled workers, can provide an informal training ground, which allow participants access to the knowledge needed to become an 'insider'. Individuals within this community will share norms of values, tastes, lifestyles and ways of doing things (Ekinsmyth, 2002: 233). These cannot be transmitted mechanically and so personal and collective stories are important (Santagata, 2002: 12). As O'Connor comments, "The creative industries are seen to be highly sensitive to embedded cultural knowledge whose mobilisation depends on being 'inside' a place" (2004: 132). The symbolic nature of the products also depends on the knowledge of different sub-cultures, which can be accessed via socialising through networks within the range of alternative cultural and social scenes provided in urban locations (Reimer et al, 2008).

These factors would suggest that the co-location of firms in this sector leads to the development of a sophisticated environment for creative production which is reliant on the ability to build networks to successfully transmit knowledge. The evidence from existing studies would suggest that creative production is likely to be focused on global centres and raises the question as to whether other cities can support this economic sector. The importance of local conditions is emphasised within the existing literature. Studies which provide a historiography of the development of areas of creative production focus on a complex interplay of social, cultural and physical features. The next section explores some of these factors.

4.3 The development of a creative milieu

Evidence of the key place characteristics of areas which have been seedbeds for the creative industries can help assemble a relevant list of the location factors that are important for creative industry firms. It is well documented that creative industry development is concentrated in relatively central locations within cities. As Evans and Shaw (2004: 17) state: “The organisation of cultural production in close proximity through industrial clusters and shared workspaces is long established, with the advantages of economies of scale, information and knowledge sharing, joint marketing and the re-use of buildings, outweighing imperatives of competition, lower land and labour costs, a higher individual profile and lower density locations”. Wu (2005) argues that there are several factors which contribute to the development of a creative milieu. Localised features include the transmission of information among people, knowledge or the storage of information, competence in certain activities, and the creation of something new out of these activities. Further to this, specific local factors of development include successful anchor firms, mediating organisations, skills base, public policy, quality services and infrastructure and quality-of-place.

Historically, several key factors appear important in engendering a city with successful creative production including diversity, human capital and urban density. Cities have always had important cultural functions, with place and cultural products closely intertwined. The density of interaction in urban areas is seen as the key to stimulating cultural production and there is an increasingly symbiotic relationship between culture and place and the economy (Scott, 2001; 2006). As Reimer et al (2008) point out in their discussion of place and diversity, the urban creative atmosphere has a symbiotic relationship with the products of design intensive sectors. In this way, place can influence the products and services created there. There is a longstanding conception of the city as a dense locus for interaction and experimentation where, as Marx noted, “all that is solid melts into the air” (Rantisi et al, 2006: 1790). Urban areas have traditionally been the location for political and social movements, in many cases associated with bohemian cultural quarters (Rantisi et al, 2006). Cultural diversity is often viewed as a prerequisite for creativity and the density of urban areas is seen to promote an awareness of difference.

It is suggested that creative workers will tend to congregate in mixed-use neighbourhoods with opportunities to work, live and socialise in the one environment (Leadbeater and Oakley, 1999). The density of communication and interaction in this environment allows

the rapid sharing of ideas and learning. As Leadbeater and Oakley suggest, “Creative places are rarely settled and cosy: they are usually in the midst of battles between ‘old’ and ‘new’ sources of wealth, income and identity” (1999: 35). Drake (2003) proposes that aesthetic creativity is a spatially concentrated process. He goes on to assert that “small differences between localities can play a role in achieving competitive advantage in a globalising economy and a locality’s specificities draw producers to a place and ‘non-substitutabilities’ keep them there” (Drake, 2003: 513). As shown in Table 4.1, he asserts that there are four resources, based in the local, which act as stimuli for aesthetic creativity.

Table 4. 1: Locality based resources which stimulate aesthetic creativity

LOCALITY- BASED RESOURCES	BENEFIT
Intensive social and cultural networks	Buzz
Communities of creative workers	Leads to competition and co-operation
Visual raw materials and stimuli	Act as a catalyst for creativity
Brand	Long established reputation adds value to product

Source: Adapted from Drake (2003: 518).

Firstly, intensive networks, social and cultural, which contribute to the buzz of urban areas and allow serendipitous meeting, are based in particular localities. The cultural functions possessed by urban areas are derived from being nodes of a dense locus of human interrelationships as well as from being important sites for consumption (Scott, 2000). The city is often considered a diffuse, yet inspiring, incubator of cultural production and innovation according to Helbrecht (1998). The second factor is the existence of communities of creative workers. The advantages of a ‘thick’ labour pool have already been discussed in section 4.2. Thirdly, Drake (2003) suggests that the locality can be a resource of visual raw materials, which aid the creative process. Finally, brand and reputation are rooted in the local and an association with a particular place can lend value to a product (Drake, 2003).

The last of these – that products can be imbued with a brand by being related to the location in which they were created – is especially important for the present study. Products often possess a cachet that is directly associated with their point of origin, for example fashion from Paris, films from Hollywood or country music from Nashville. The place of production represents a unique component of the final product as well as an authentication of substantive and symbolic quality (Scott, 2006). In terms of a relationship

with geography and location, there is evidence to show that a strong sense of identity can positively impact on the generation of products and services in the creative industries. One characteristic of the creative industries is that they are often very rooted in the local and their value is often generated from this. They can be described as having “a strong and self-conscious local character” (O’Connor, 1999: 9). Location can act as part of a brand or image, often reinforcing the advantage for creative industries of being based in an urban environment. As Santagata (2004) points out, creativity, unlike innovation, is not driven solely by profit and its consideration of aesthetics makes it more place – and time – specific.

Hutton regards the development of new industry clusters in places very close to the city centre as “striking examples of the compulsion of proximity for creative and knowledge intensive firms” (2004: 92). Not only, he suggests, is this for reasons of economies generated by economic and social agglomeration, but also it is related to the environment, classified as the built environment, cultural amenity, environmental amenity and complementary institutions. He suggests that calling upon ideas regarding built form can provide another dimension to the discussion. Creative industry development is historically found in economically marginal spaces such as are commonly found in the ‘inner city’ zones surrounding the CBD.

Hutton identifies four main attributes that can be seen to prompt this locational preference, as shown in Table 4.2. These attributes are thought to help people meeting each other, exchanging tacit knowledge and engaging in networking. This is aided, firstly, by the benefit of a stronger sense of identity derived from the tightly bounded nature of the physical space. Secondly, the landscape of the inner city is regarded as a suitable space for the transmission of tacit knowledge, due to its ‘sticky’ nature. Thirdly, the building types within the inner city, including former industrial spaces and warehousing, are considered suitable for adaptation into flexible work and living space. Finally, inner city areas tend to possess landmarks with a strong sense of history, again contributing to the image and identity of the area (Hutton, 2006). The built environment is shaped by socio-economic forces and, for example, the structural changes in the economy associated with de-industrialisation have influenced current property markets and the nature of the built environment. As well as reflecting the zeitgeist, or spirit of the time, and providing a mirror to the world around, the design of the built environment is an important element of the productive forces of society (Knox, 1987). As Hutton asserts, “Place is demonstrably a defining feature of the new production economy of the 21st century inner city among

advanced cities and ‘place’ in this context ineluctably comprises both concrete and representational features” (2006: 1839).

Table 4. 2: Attributes of the inner city and their perceived benefits for creative businesses

ATTRIBUTE	PERCEIVED BENEFIT OF ATTRIBUTE
Boundedness	Territoriality and identity
Landscape and urban design features	Intimacy conducive to exchange of tacit knowledge
Building types	Adaptable
Landmarks	Strong history, identity and reinforcement of the local

Source: Adapted from Hutton (2006: 1822).

Markusen (2006) notes that artists, in particular, tend to gravitate towards transitional neighbourhoods, often in the CBD fringe or other parts of the inner city, more than other groups. Related to this, cheap space is argued to be a vital ingredient for the development of concentrations of creative businesses and thus cultural entrepreneurs will often work in run-down areas where more traditional businesses “fear to tread” (Leadbeater and Oakley, 1999: 34). In a similar way to the importance of place to the creative product, creative firms try and make a statement out of where they are located. Space reflects and reinforces the image of the companies and, thus, particular spaces and neighbourhoods become an important factor for the success of the business (Helbrecht, 1998).

Rantisi et al (2006) contend that land rents can support or suppress creativity, especially in urban areas. They suggest that “low rents nurture creativity through the creation of a ‘viral’ underground economy, which depends on low cost, word-of-mouth networking to spread information about employment opportunities and cultural events” (2006: 1791). As Scott (2004) points out, much of the new development has focused on the building of a new cultural economy, with a conscious effort to use relics of industrial past as core elements of a reprogrammed landscape of production and consumption. The development of a successful media cluster in Hoxton⁷, in Hackney, came about partly due to the existence of affordable space. One of the reasons why the area was successful was that, unlike in Soho, the area was not so congested and over-priced. The explosion of Britart activities in the area during the late 1980s made the area popular with artists and, as Leadbeater and

⁷ The area of Hoxton in London is a vibrant arts and entertainment district boasting a large number of bars, nightclubs, restaurants, and art galleries. This fashionable area is centred on Hoxton Square, a small park bordered mainly by former industrial buildings.

Oakley (2001) assert, this led to the growth of ancillary services, such as bars, restaurants and clubs. They further suggest that deregulation and experimentation allow the emergence of a creative atmosphere, which is engendered by a dynamic mix of consumption and production (Leadbeater and Oakley 1999). The development of a cultural base is often linked to history and a rediscovery of the past. In the development of successful creative cities or quarters, particular attributes tend to be emphasised in the existing evidence including distinctiveness and authenticity, small-scale/fine-grain development, vibrant and distinctive neighbourhoods, appeal to younger people and the diversity of population and lifestyles (Musterd et al, 2007).

The literature reviewed above documents the various factors which have been considered important in the emergence of creative milieus. These factors include the existence of low cost space, often located in the inner city; a spirit of experimentation often played out in sites of counter-cultural consumption; and the development of a strong brand or reputation as a creative area. This evidence is largely associated with the organic emergence of these areas. As culture-led regeneration and the creative industries as a policy concern have gained in standing, the context for these changes has changed somewhat. The instrumentalisation of creative industries policy was discussed in section 3.3. Instead of being an organic bottom-up approach, it has become an explicit policy concern to develop cultural quarters and areas with creative activity. This has often been within the context of regenerating former industrial cities and been tied to ideas of encouraging urban renaissance and a return to the centre. This raises questions as to how far these environments can be created and which factors are most important. By identifying the crucial components of an area for creative firms, it may be possible to nurture creative production, but do regional cities – and even more so their less central locations – possess the necessary prerequisites for creative production?

The geographic scale of the research into creative milieus tends to focus on the local with specific factors of particular neighbourhoods being emphasised. One potential tension, however, is found in the literature. It is suggested that focusing solely on factors contributing to a local environment for creative production may lead to inertia by becoming too inward-looking. The next section therefore explores how the local buzz generated by close networking within these spaces of creative production can be exploited to reach global markets.

4.4 Exploiting ‘local buzz’ via ‘global pipelines’⁸?

The earlier parts of this chapter have identified evidence which suggests the importance of localised factors in the development of concentrations of creative activity. The importance of networks, engendering local ‘buzz’, has been cited particularly frequently. At the same time, however, the literature also points to some negative effects associated strong internal ties, as discussed in section 2.4, which would result in networks being slow to adapt and innovate (Fukuyama, 1997). Negative effects are particularly acute when the networks are so tight that they become exclusionary (Sydow and Staber, 2002). This locks firms into fixed practices and trading relations, stifling innovation (O’Connor, 2004).

Knowledge about external markets and changing technologies is crucial to cluster growth and success as without this a sector can become ‘over-embedded’. The role of trust is important here again, as “too much trust can cause structures of blind confidence and gullibility to spread within a cluster network” (Bathelt, 2005: 110). According to Bathelt et al (2004), the more the firms in a cluster engage with translocal pipelines, the more news and information is being transmitted, which in turn stimulates local buzz. In a study exploring the media industry cluster in Leipzig, Bathelt (2005) pointed out that this cluster is disadvantaged by its orientation towards a merely regional market. In Cook and Pandit’s (2007) study comparing the broadcasting industry in three city-regions in the UK, networks were enhanced by the similarities of the activities, due to the smaller number of genre specialisms in Bristol, unlike in Glasgow. Glasgow was asserted to suffer from what Bathelt (2005) coined as the “distanced neighbour” effect as it lacks dense internal interaction and also has only weak external connectivity. The pre-eminence of London’s international connectivity is beyond dispute. Similarly, the fact that Bristol performed better than Glasgow is put down to its greater connectivity to London (Cook and Pandit, 2007).

In line with this, it is argued that the most successful creative industries are thought to operate at a global scale. Of central importance is the ability of localities to link globally available codified knowledge to specific local tacit knowledge or “connecting local buzz into global pipelines” (Musterd et al, 2007: 7). This is considered most innovative and economically successful in the long run. As Bathelt argues, “The effects of local interaction and learning are much stronger and durable if they are constantly supported by

⁸ Bathelt (2005)

feedback and new impulses from the outside...Local interaction or 'buzz' through global or trans-local 'pipelines' create a dynamic process of knowledge creation which is key to understanding a cluster's continued economic strength" (2005: 106). The establishment of linkages to global markets and external knowledge is considered the best way of encouraging growth and avoiding inertia (Bathelt, 2005). A large network of weak ties (Granovetter, 1973) has been advocated over dense, strong ties, which cause cliques, stagnation and ultimately lock-in. This can be related to ideas around social capital. In Putnam's (2000) view of social capital, 'bridging' capital (links with people unlike me) is important for getting ahead in business unlike 'bonding' capital (links with people like me) which is more limited to getting by.

The issue of trust is one of the main challenges to embarking on developing external linkages. Unlike local links, there is no guarantee of access to benefits from knowledge sharing and so the substantial investments of time and money are risky. To mediate this challenge, Bathelt (2005) suggests that shared institutions and schemes can be developed and that 'absorptive capacity' be increased to help firms assimilate information. A firm can maintain only a few external linkages as they are costly and more focused than local networks. This means that it is difficult to maintain the balance between being too inward or too outward looking (Bathelt, 2005). To facilitate chances of finding external partners to collaborate with, trade fairs can be attended and potential collaborators assessed on their reputation.

Wu (2005) also supports the idea that the success of a creative milieu can be related to factors beyond the local environment. Outside the local features necessary for creative production, the strength of innovation is also shaped by the national innovation system. Of particular importance are the nation's intellectual property (IP) protection system, universities and research labs, research and development (R&D) spending, openness to competition and spending on higher education (Wu, 2005).

This section has shown that there is a complex balance to be maintained amongst creative industry firms in terms of their level of inward or outward positioning. Again co-location is advocated to access local 'buzz', but external connections are also seen as important in stimulating buzz, preventing inertia and ultimately being more competitive. The complex nature of these pre-conditions for success again point to the primacy of global centres, advantaged by their strong external connectivity. Non-global cities will likely find it more

challenging to access global networks, but those with strong external transport links will be positioned more favourably.

4.5 Challenging concentration: the role of dispersion forces

In terms of spatial organisation, the evidence reviewed so far has strongly emphasised the importance of concentration in the centre, so that firms can access advantages relating to the scale of urban areas as well as benefit from co-location. Strong transport links enabling the development of external linkages are also found in the city centre. Traditionally areas with cheaper space such as the inner city have proved popular, often instigating a transition in the character of the area. There is, however, also some evidence of dispersion forces which may prompt existing creative industry firms to move out of the centre in order to escape from rising costs and congestion. There is also the question as to how far it may be possible for newly established firms to survive in more peripheral locations within an urban region.

A project focusing on ‘creative spaces’, commissioned by the London Development Agency, found gentrification to be one of the biggest challenges facing creative firms and the sustainability of creative clusters and workspaces. Creative residents can be a powerful force to regenerate neighbourhoods, but rising property prices and gentrification can displace these ‘pioneers’ (LDA, 2005). There are difficulties associated with clusters especially for creative workers, often employed on a freelance basis. To be active in a cluster these workers face high rents, rely on a low and insecure wage and often have to work from home (Ekinsmyth, 2002). Hutton (2006), in his studies of creative quarters in London and Vancouver, suggested that there may be some growing issues of displacement, suffered in the first instance by indigenous businesses and then creative firms through residential encroachment. Gentrification can be defined as “a shift from multiple to single occupancy and from rent to owner-occupation of housing – and a marginalisation (or peripheralisation) of dwellers who become constituted as a residual public” (Miles, 2005: 890). This brings difficulties in terms of heightened land, house and office prices and the displacement of original inhabitants.

A prime example of this is the loft living trend discussed by Zukin in her influential work on the situation in New York: “The changes in the use of space that promise to reconstitute

an urban middle class really effect the reconquest of the city's core for the upper-class users...The revitalization projects that claim distinctiveness – because of specific historic and aesthetic traits – become a parody of the unique” (1988: 190). Much of the research exploring problems with the sustainability of spaces for creative industry activity is focused again on large global centres, for example, as previously mentioned, London, New York and Vancouver, but development pressure has also led to rising costs of city-centre property and rental increases in other cities, including Glasgow, Manchester and Leeds in the UK.

There is now some evidence on the movement out of global cities by creative producers aiming to access advantages associated with disagglomeration. For example, a study undertaken in the US asserts that there has been some decentralisation of artist location due to cost-of-living and congestion differentials between large centres like New York and middle-sized and smaller cities (Markusen, 2006). Thus Markusen has found that some artists make migration decisions in which they “trade off access and being ‘where the action is’ with livability, artistic networks and philanthropic support” (Markusen, 2006: 1929). Further work suggests that the availability of space, in this case in terms of designated artist centres, can be an important component guiding the location choices of artists. It is suggested that more – and better – artists are attracted to towns and cities that offer a range of spaces for learning, networking, exhibition, and sharing tools and workspace (Markusen and Johnston, 2006). Therefore these centres can allow places to home-grow, attract and retain artists, which has implications for public intervention. This logic could be applied within urban regions to suggest that artists and creative producers, vulnerable to the high costs of the centre, may locate outside the city centre to access space, supportive networks and a better quality-of-life. It is noted, however, that despite some evidence of decentralisation the level of media and entertainment products in the large ‘super arts cities’ have enabled them to maintain their lead (Markusen and Schrock, 2006). This confirms Scott’s (2006) idea that there are reinforcing mechanisms of growth, which make it difficult for other cities to compete.

4.6 Conclusion and implications for this study

This chapter has reviewed the existing literature regarding the spatial organisation of firms within the creative industry sector. It has made the case for conducting research into the

creative industries sector. The evidence from existing studies strongly points to a spatial logic for the sector related to the characteristics reviewed in Chapter 3. As Barnes and Hutton put it, “If place matters, it matters most to them” (2009: 1251). Chiefly this logic seemed to point towards a compulsion for proximity in large urban centres, but in exploring in more detail the historical accounts of the developments of such concentrations, other questions were raised. The highly localised empirical studies of such areas tend to emphasise a complex ecology of factors and in recent years this has often been linked into regeneration aspirations. This poses the question as to whether a creative milieu can develop outside a global centre and of especial interest in this study, outside a city centre in a non-global city. With an inherited industrial landscape of warehouses or mills, which as we have seen, may be amenable as spaces of creative production, is it possible for regional cities and towns to share in the growth of the creative industries?

This evidence presented so far has pointed to a number of areas where some expectations about possible findings can be developed. For the present study a list of factors was assembled from the examined literature, which point to proposed determinants of location of creative industry firms. Table 4.3 (overleaf) outlines four key factors alongside their prospects for influencing location in the centre or periphery of an urban region. These factors and the way in which they influence location choice were used to construct the full list of determinants of location.⁹

A first dominant theme is the likelihood of the creative industries to co-locate due to the importance of agglomeration economies. The compulsion for firms involved in these activities to cluster, often in the city centre, was identified as a key theme in section 4.2. It would be expected that advantages related to proximity would lead to firms locating together. These advantages include the existence of a pool of human capital, the opportunity to share services and institutions, and access to infrastructure. There is likely to be a dense concentration of amenities including cultural infrastructure, ancillary services and leisure activities available in the city centre useful for networking and attracting skilled staff. Creative industry firms may prefer to locate in central areas for the reputation of the city and being based in a city centre address.

A second, but related, finding from the literature (Table 4.3) is that knowledge exchange is particularly crucial to the success of the creative industries and again this is engendered by

⁹ For a full list of the determinants of location and the summarised results of this aspect of the interviews see Table 6.6

co-location. Ideas generation is thought to improve as proximity promotes serendipitous meeting and this in turn advantages the process of idea exchange. In terms of business relationships, trust and reciprocity are thought to be improved by proximity. Tacit knowledge through face-to-face interaction is thought to underlie this advantage. The city centre is also a node for linkages, allowing access to external pipelines of knowledge and larger markets, as well as crucial access to the local labour market.

Table 4. 3: Place-based factors supporting a centralising or decentralising movement

CENTRALISING	FACTOR	DECENTRALISING
Agglomeration advantages Economies relating to localisation, urbanisation and activity complex advantages. Labour pool Support services Suppliers Node of transport linkages	Agglomeration	Disagglomeration advantages Lower costs Less congestion Faster transport linkages Less pressure on land
Tacit knowledge exchange Face-to-face contact necessary for trust and to offset risk	Knowledge Exchange	Codification Technology allows information to be passed over large distances at low cost
Buzz Brand and image of urban centre Leisure amenities and consumption opportunities such as the arts and cultural infrastructure City living	Quality-of-place	Liveability Access to countryside Safety and less crime Suburban/rural residential preferences
Historical emergence of creative areas Availability of suitable space Cultural quarters Design features such as adaptable buildings.	Premises	Escaping gentrification Low cost space Access to larger spaces

Source: Own Analysis

Thirdly, as well as advantages of agglomeration and knowledge exchange, the literature has identified quality-of-place as an important factor in firm location (Table 4.3). These advantages were discussed in detail in section 2.4. It is suggested in the literature that the dense concentration of amenities of the centre, including cultural infrastructure, ancillary services and leisure activities, are likely to be important for attracting staff. Areas can act

as a stimulus for creativity, so that creative places and products often develop a symbiotic relationship, becoming known for their association.

Finally, as shown in section 4.3, there exists considerable evidence regarding the historical background to the emergence of a creative milieu. A number of factors can be identified from the existing research which are associated with the development of a creative area, but often the existence of cheap space is chiefly regarded as the catalyst. The factors associated with the development of a creative milieu include intensive networks linked to consumption, aspects of the built environment and cultural amenities (Table 4.3).

Processes leading to the dispersion of firms have also been identified within the literature on creative industries. As identified in section 4.5, the creative industries are often represented by small and under-capitalised firms which can be forced out by rent increases. Development pressure in UK cities and elsewhere has led to rising costs of city-centre property and rental increases. As the regeneration of urban areas tends to result in higher property prices, this process may displace creative industry firms if they are unable to upgrade their activities accordingly. A process of commercial gentrification has been identified in some cities, displacing creative industry firms to more peripheral, decentralised areas (Pratt, 2009).

A gap was identified within the literature in Chapter 2 regarding a spatial logic of the knowledge economy relating to the context of many studies. Much of the evidence is focused on global cities and this is also a feature of the existing literature about the creative industries. It is the aim of this study to see whether the areas of evidence outlined above are as relevant to regional post-industrial cities which have undergone significant regeneration. As the creative industries are often touted for their regenerative capacity within these cities, it is important to explore whether they behave in similar ways spatially as when these industries are based in global cities.

This chapter has emphasised the shared characteristics of the creative industries as supported by the literature. Nevertheless, as identified in latter part of Chapter 3, the definition of the sector is broad and there is some diversity in the activities included under it. There are likely to be variation in the ways that sectors experience space and place related to any characteristics which are not shared. For example, the 11 different sectors identified in the DCMS definition of the creative industries may be differently influenced by determinants of location. Further to the broad behaviours thought to be shared by the

creative industries, it is expected that beyond sectoral difference there may be other aspects of firm organisation that will influence the primacy of certain factors over others. Firms located in either central or more peripheral areas are expected to possess different characteristics. Important distinctions are likely to be drawn in the spatial behaviour of these businesses relating to their size, their age and their types of activities, including how routine or creative their function is.

Chapter 5 develops these expectations into specific research questions around which the empirical work is structured. It will set out my chosen research approach, specify my data needs and argue the relevance of a mixed methods approach. It will justify the use of a case study and present the case for the choice of both the city and the creative industry sectors to be studied. The data collection tools will also be described.

5 Methodology

5.1 Introduction

This chapter explains the research methodology which is centred on the main aim of the study: to gain better understanding of the ways in which space and place matter to the creative industries. In order to meet this aim it is important to determine whether there is a dominant spatial logic guiding creative industry organisation and development; and collect evidence regarding the central dynamics and processes of creative industry activity with regards to location.

The findings of the previous chapters are of direct relevance to my methodological choices. The research has been situated within the context of growing interest in the creative industries and, in particular, the prospects for their use in the regeneration of post-industrial cities. The central arguments in economic geography, characteristics of creative industry firms and the specific challenges faced when researching this sector have been summarised. The literature review has identified the factors likely to influence the spatial behaviour of the creative industries. The empirical research now aims to explore and review the validity of these factors. The research employs a mixed methods approach and focuses on two creative industry sectors in the case study area of Greater Manchester.

The rest of the chapter comprises four main sections. Section 5.2 develops the research questions which form the basis of the study and outlines the corresponding data needs which influenced the choice of research approach and methodological tools. Section 5.3 outlines my research approach which is based on a conceptual framework of mixed methods. A historiography of the development of this approach is introduced alongside its epistemological and ontological underpinnings. The possible applications of using both qualitative and quantitative data are reviewed. Section 5.4 turns to the selection of methodological tools and explains the structure of the study involving five stages. Issues around access, sample size and ethics are also addressed.

5.2 Research questions

A set of research questions was developed from the main case study aim, as mentioned in Chapter 1. These research questions were crucial in informing the data needs and therefore the methodological tools used in the study.

1. What is the spatial pattern of development for the selected creative industry sectors in the case study area, and especially how concentrated are they on the central core as opposed to the other parts of the urban area?
2. What are the dominant determinants of firm location in the case study area for the selected sectors?
3. Are there common characteristics possessed by firms behaving in similar ways in relation to space?

Question one provides the starting point of the study. In order to probe the rationale for spatial organisation in terms of location choices, it is necessary to determine the existing geographical patterning. Question two focuses on investigating the rationale for location choices. It seeks to explore the range of factors most important in determining creative industry firm location. Question three aims to determine which firm characteristics are most important in influencing choice of location. It focuses on determining whether the creative industries behave in a spatially homogenous way or whether differences can be identified in the way in which different sectors or types of firms behave.

The corresponding data needs of the research questions are of a diverse nature, as can be seen in Table 5.1. To generate evidence regarding the location of concentrations of creative industry firms, quantitative data is necessary, as it allows patterns to be recognised. This is also used to aid the selection of the specific creative industry sectors to be investigated. To probe the patterns and get information regarding the determinants of firm location and establish the key characteristics of firms further, standardised data is needed. Further to this, in-depth qualitative data is necessary to investigate the explanations for these decisions. This data helps illuminate the findings of the quantitative elements of the research. A mixture of qualitative and quantitative data is also needed to provide contextual information.

Table 5. 1: Data needs

RESEARCH QUESTIONS	DATA NEEDS
What is the spatial pattern of development for the selected creative industry sectors in the case study area, and especially how concentrated they are on the central core as opposed to the other parts of the urban area?	Quantitative data needed to show geographical patterning of industry sectors.
What are the dominant determinants of firm location in the case study area for the selected sectors?	Need a mixture of quantitative and qualitative data. In terms of quantitative data standardised and generalisable information relating to attitudes and behaviours regarding location choices is necessary. In-depth and detailed explanation regarding these choices necessitates the use of qualitative methods.
Are there common characteristics possessed by the firms who behave in similar ways in relation to space?	Need a mixture of quantitative and qualitative data. Standardised information needed regarding firm characteristics. In-depth and detailed explanation regarding these choices necessitates the use of qualitative methods.

Source: Own analysis

The implications of the research questions led to the selection of a mixed methods approach. The next section will present a rationale for the choice of research approach and the use of a case study before the methodological tools of the study are introduced.

5.3 Research approach

5.3.1 A mixed methods approach

This study adopted a mixed methods approach. Mixed methods studies are those that combine the qualitative and quantitative approaches into the research methodology of a single or multi-phased study (Tashakkori and Teddlie, 1998). As Cresswell and Plano Clark note, the key advantage of this is that “researchers can situate numbers in the contexts and words of participants, and they can frame the words of participants with numbers, trends and statistical results” (2007: 13). Alongside quantitative and qualitative

approaches, mixed methods have been called the ‘third methodological movement’ and has an established history of deployment in social science, which can be seen in Table 5.2.

Table 5. 2: The development of mixed methods

STAGE OF DEVELOPMENT	TIME PERIOD	DESCRIPTION
Formative period	1950s-80s	Initial interest is using more than one method
Paradigm debate period	1970s-1980s	Could quantitative and qualitative methods be combined? <i>Purists</i> argued they were incommensurable. <i>Pragmatists</i> believed that mixed methods could be used to address research problems
Procedural developments	1980s onwards	Focus on the choice of methods and procedures for mixed methods research design
Recent indicators of interest	2000 onwards	Growth in interest and advocacy by some of considering mixed methods as a research design in its own right

Source: Adapted from Cresswell and Plano Clark (2007: 14-17)

Social science emerged in the 19th century with influential philosopher August Comte as the most crucial figure. He established the philosophical stance of positivism with its associated “positivistic methodology which was to study positive phenomena, that is, phenomena that can be perceived through the senses, and to employ scientific methods, namely methods similar to those employed by physical scientists” (Sarantakos, 1998: 3). This way of thinking was later challenged by those who stressed “the socially constructed nature of reality, the intimate relationship between researcher and what is studied, and the situational constraints that shape inquiry” (Denzin and Lincoln, 2005: 10). The important facet of the argument for this research is to recognise that the scientific method is not the only source of knowledge, truth and validity (Sarantakos, 1998).

The choice of mixed methods can be related to the choice of paradigm stance. This can be seen below in Table 5.3 where a further paradigm is added to the positivist and constructivist stances, the pragmatist.

Table 5. 3: Paradigms in social science

	POSITIVISM	CONSTRUCTIVIST	PRAGMATISM
Methods	Quantitative	Qualitative	Quantitative and Qualitative
Logic	Deductive	Inductive	Deductive and inductive
Epistemology	Objective point of view, knower and the known are dualism	Subjective, Knower and the known are inseparable	Both objective and subjective points of view
Axiology	Inquiry is value free	Inquiry is value bound	Values play a large part in interpreting results
Ontology	Naïve realism	Multiple constructed realities	Accepts external reality. Chooses explanations which best produce the desired outcomes.
Causal linkages	Real causes that are real causes that are temporally precedent to or simultaneous with effects	All entities simultaneously shaping each other. Impossible to distinguish causes from effects	There may be causal relationships but we will never be able to pin them down

Source: Tashakkori and Teddlie (1998: 23).

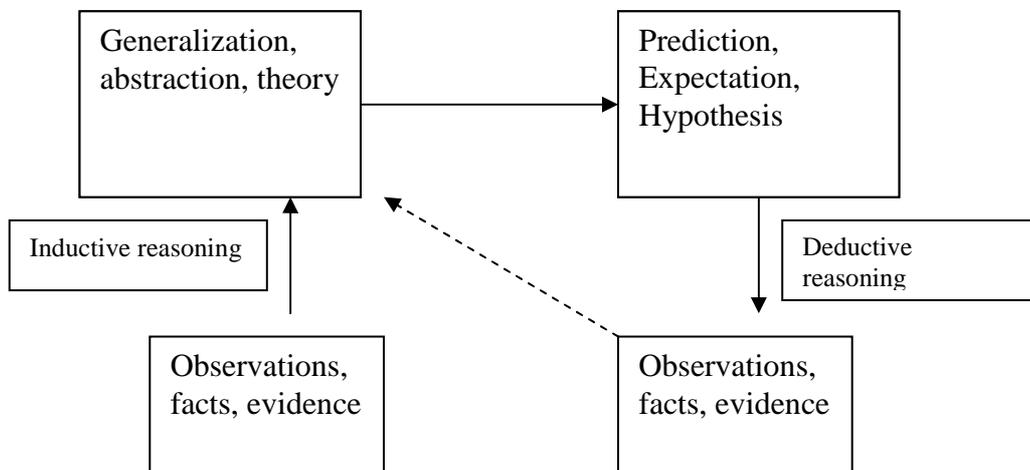
A mixed methods study uses both quantitative and qualitative methods as detailed in Table 5.2. Quantitative studies, often associated with a positivist view of the world, tend to emphasise measurement and the analysis of causal relationships. Quantitative research involves the counting and measuring of events and the statistical analysis of data, with the aim of producing measurement that is reliable. It is typically deductive in nature and involves formulating research hypotheses and verifying them empirically on a specific set of data in the form of a statistical test. One advantage of this is that the research problem is clearly stated. Qualitative methods are often associated with a constructivist nature of reality and are flexible and sensitive to the social context in which data is produced (Mason, 2002). This is taken to the analysis stage, with the emphasis on “holistic forms of analysis and explanation” (Mason, 2002: 3). Within qualitative research “the researcher’s communication with the field and its members is an explicit part of knowledge production instead of excluding it as far as possible with an intervening variable” (Flick, 1998: 6). As Mason asserts, “Reflexivity in this sense means thinking critically about what you are doing and why, confronting and often challenging your own assumptions, and recognising

the extent to which your thoughts, actions and decisions shape your research and what you see” (2002: 5). The main advantage of qualitative research is that it situates the observer in the world, promoting visibility of social processes (Denzin and Lincoln, 2008).

While qualitative and quantitative studies may be regarded as incompatible due to the incommensurability of the paradigms underpinning them, there are several reasons which justify the use of both approaches and also their use in combination. A pragmatic view can see the advantages of both approaches and their long coexistence justifies the use of both. After all, both paradigms have been used for years, formed the basis of funded research and been taught extensively (Datta 1994 in Tashakkori and Teddlie, 1998). A pragmatic approach may be summarised as employing a ‘what works’ strategy, using the most appropriate approach for each different research problem (Tashakkori and Teddlie, 1998).

As the Table 5.3 illustrates, the pragmatism point of view rejects the either/or choice between positivism and constructivism. The pragmatist approach uses both deductive and inductive logic as Figure 5.1 demonstrates.

Figure 5.1: The use of inductive and deductive logic



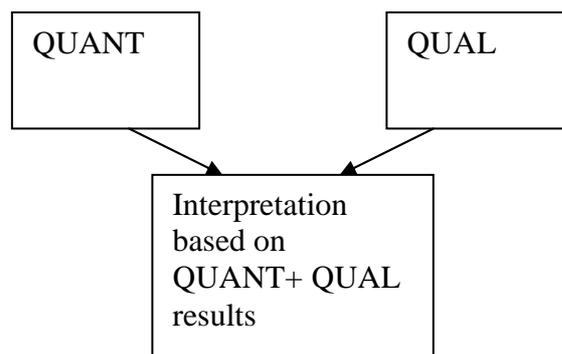
Source: Tashakkori and Teddlie (1998: 25)

In many studies, including this one, the first step is to inductively build a conceptual framework based on previous findings through the process of a literature review. This theoretical framework is then used as a basis for planning the course of the research. From grounded results inductive logic can be used to generate abstract theories and move from general inferences by deductive logic to a prediction of outcomes.

Epistemologically the pragmatic approach views researchers as both objective and subjective. Tashakkori and Teddlie (1998) suggest thinking of a continuum where at some stages the researcher may be more subjective and at others more objective. In terms of axiology, pragmatists believe that, although personal values play a role in determining how research is conducted and findings understood, this is not necessarily problematic. Finally from an ontological perspective, pragmatists believe that there is a world independent of our minds, but deny that 'truth' can be determined once and for all. In terms of causality, this means that they believe that there may be causal relationships but that they will never be pinned down (Tashakkori and Teddlie 1998: 24-29).

The present study recognises that by combining techniques, understanding of the subject can be both broadened and deepened. Mixed methods approaches are increasingly popular as they can use complementary data sources drawn from both quantitative and qualitative sources. The combination of multiple methodological practices, empirical materials and perspectives adds rigour, breadth, complexity, richness and depth (Flick, 1998). As such, it permits triangulation (Tashakkori and Teddlie 1998). This is seen as a key advantage for social science research as it is an approach to data analysis that synthesizes data from multiple sources, as shown in Figure 5.2.

Figure 5 2: Triangulation



Source: Cresswell and Plano Clark (2007: 63)

Four different types of triangulation can be identified as demonstrated in Table 5.4 below.

Table 5.4: Types of triangulation

TYPE	EXPLANATION
Data Triangulation	Use of different data sources (studying phenomena at different dates and places and from different people)
Investigator Triangulation	Different researchers are used to minimise biases
Theory Triangulation	Approaching data interpretation with different perspectives and hypotheses
Methodological triangulation	Within method and between method

Source: Adapted from Denzin (1989b 237-41) in Flick (1998: 229-30)

The purposes of mixing methods, including the aim of triangulation, are laid out by Greene et al's classic review of this approach (1989). They draw attention to five specific ways in which a triangulation approach may enhance evaluation.

- Firstly, *triangulation* helps to test the consistency of findings obtained through different instruments and also helps to identify the factors which are likely to influence the results.
- Next, the approach is advantaged by *complementarity* which helps to clarify and qualify results from one method with the use of another.
- Thirdly, the use of different methods can offer *development* in terms of acting as a guide in the choice of other methodological tools.
- The *initiation* of different methods may stimulate additional questions and challenge existing results.
- Finally, the opportunity of *expansion* provides the richness of detail and will expand the breadth of the study.

A mixed methods approach tends to encourage reflexivity and a more iterative process and so it not only adds to the research toolbox, but it also provides the opportunity for a synthesis of traditions (Vitale et al, 2008).

A mixed methods study may attribute different statuses to the methods used in the research design. Quantitative and qualitative methods may be of equal status or, for example,

qualitative methods might be used to explain quantitative results and vice versa (Tashakkori and Teddlie, 1998). As explained by Tashakkori and Teddlie (1998: 32), “It is more productive to consider purely quantitative studies at one end of a continuum and the purely qualitative studies at the other end, with a wide variety of design between”.

The way in which the mixed method approach has been deployed in the present study is as follows. Quantitative data has been used to identify spatial patterns of creative industry organisation. This approach was particularly important for helping to select the case study focus. As discussed in Chapter 3, there are difficulties with quantitative data in this field¹⁰ so a qualitative approach was also necessary to uncover further patterns and their rationale. Due to the challenges of measurement of the creative industries sector, in-depth qualitative analysis was deemed necessary as a sole reliance on statistical analysis of employment data was not likely to be illuminating (O’Connor, 1999a). Some standardised questions were asked during the interviews regarding the determinants of firm location allowing easy comparison and the identification of patterns. It was the intention of the work to endeavour to capture the intricacies of the sector so this necessitated the collection of qualitative data. The rationale for the decision to employ a case study is outlined in the next section.

5.3.2 Case study research

A case study approach is most appropriate in the field of this research, as it can deal with multiple causation and complexity. It can take account of the historical and cultural features that impact on outcomes. The ‘spotlight’ provided by this approach can provide guidance for good practice and, by employing a variety of methods of data collection, a holistic study can be undertaken (Hakim, 1994). As Bell (2005: 10) notes, “The case study approach is particularly appropriate for individual researchers because it gives an opportunity for one aspect of a problem to be studied in some depth with a limited time scale”. The case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context (Yin, 2003). The case study method is of most use when there is a desire to study contextual conditions and, as Flyvbjerg points out, “In the study of human affairs, there appears to exist only context-dependent knowledge, which, thus, presently rules out the possibility of epistemic theoretical construction” (2006: 221).

¹⁰ See also Section 5.4 for more information regarding the challenges of measurement in this field

5.3.2.1 Sampling and generalisability

When conducting research, it is unlikely to be possible to study an entire population and even if the population is small, it is usual to focus on a sample which is representative of the group (Tashakkori and Teddlie, 1998: 63). Results generated from a representative population are more likely to be generalisable to the broader population and possess external validity. Figure 5.1 displayed the use of inductive and deductive logic in mixed methods research. Tashakkori and Teddlie (1998: 66) suggest that there are differences in generalisability concerns drawn along these lines detailed in Table 5.5.

Table 5. 5: Generalisability

LOGIC	GENERALISABILITY
Inductive	Data is built up from one specific setting and then transferred to another as the theory grows. (From the specific to the general and abstract)
Deductive	Outcomes are predicted and the generalisations built from the specific population

Source: Adapted from Tashakkori and Teddlie (1998: 66)

An instrumental, as distinct from an intrinsic, case study explicitly seeks to generalise with the choice of case made to “advance understanding of that other interest” (Stake, 2000: 437). Criticisms have been levelled at case study research based around a possible lack of rigour and difficulties with generalisability. These can be refuted. Reliable data collection can overcome any problems with rigour. Case studies, like experiments, are generalisable to theories and not to populations. As Yin (2003:10) points out, “The case study does not represent a sample and, in doing a case study, your goal will be to expand and generalize theories and not to enumerate frequencies”. The generalisability of case studies can be increased by their strategic selection. Both qualitative and quantitative data, as in this study, can be employed to give a greater depth of analysis.

5.4 Conducting the research

This section sets out the research plan describing the choice of methodological tools for each stage of the study. As shown in Table 5.6, there were five main phases of the research.

Table 5.6: Summary of the research plan

PHASE	DATA	ACTIVITIES	OUTCOMES
1. The literature review	Qualitative	Review of documentary materials inc: academic research, government documents, mass media, research reports, conference papers	Conceptual framework developed Research questions generated Methodological tools chosen
2. Selection of case study area	Qualitative	Review of documentary materials inc: academic research, government documents, mass media, research reports, conference papers	Case study urban area chosen
3. Selection of the case study sectors	Quantitative	Map the spatial concentration of chosen industries using location quotients	Two case study sectors selected
4. Documentary research	Mix of quantitative and qualitative	Review of academic literature, trade publications, websites, local and national papers, analysis of secondary statistical information	Profile of case study area produced Industry information obtained
5. Semi-structured interviews (policy and gatekeepers and firm directors)	Largely qualitative	Interviews with policymakers and gatekeepers testing the relevance of questions and guidance to participants Interviews with respondents with decision making powers from firms in the two chosen sectors	List of target participants compiled Standardised information regarding firm characteristics collected Key determinants of firm location identified Rationale for location choices investigated Contacts web completed Geography of relationships built up

Source: Own analysis

Initially, the literature review was undertaken in order to establish the research context, identify gaps in the existing literature and aid the selection of the case study urban area. The second phase focused on the choice of case study area and involved working through a

set of criteria to decide on the most suitable one. The third phase concerned the choice of case study sector and focused on calculating the location quotients of creative industry sectors to identify their relative degree of concentration of activity within the case study area. The fourth phase involved documentary research to give greater insight into the case study sectors and the case study area. This secondary data was collected, analysed and used to provide contextual information. The final phase involved conducting 46 interviews. Of these, 28 interviews were undertaken with respondents with decision making responsibilities for their firms, probing their location choices. 17 of these 28 firms were also willing to provide information about the geography of their interactions in the form of a contacts web. The remaining 18 interviews were conducted with policy makers, workspace managers, industry professionals and stakeholders with local knowledge of creative industries in Greater Manchester and were designed to gather contextual information. Each of these five phases is now described in more detail and, where appropriate, the choice of methods is justified.

5.4.1 Phase one: review of the literature

The main part of literature review took place at the outset of the study, though with subsequent updating through the regular monitoring of journals and conference papers. Following the guidelines provided by authors such as Bryman (2004), Cresswell (2003) and Neuman (2007) there were several purposes behind the initial review. Firstly, it was used to narrow down the topic with reference to how others have conducted studies on this subject. Secondly, it helped demonstrate familiarity with the existing body of knowledge. Thirdly, it situated the study within this body of knowledge and identified gaps with the existing work. Fourthly, the literature review was used to create a framework to establish the relevance of study and to provide benchmark for comparing the results with other studies.

In terms of the selection of literature three main areas were explored, as already detailed in Chapters 2-4. The first of these concerned transformations in the economy and the search for a new spatial logic associated with the expanding knowledge economy. The second area was focused on the growth and nature of the creative industries sector and the challenges which researchers face in defining and measuring the sector. Thirdly, Chapter 4 assembled the relevant literature regarding the possible spatial rationale for the creative

industries sector and developed a comprehensive list of the determinants of location which was subsequently used as a framework for the interview schedules. Reviewing this literature helped in identifying the strengths and weaknesses of the current state of knowledge in this area, most notably the need for a better understanding of the spatial rationale of the creative industries sector in the context of a non-global city.

The literature review was conducted in a systematic, explicit and reproducible way, as guided by Fink (1998). To ensure the review was systematic, online bibliographic databases, for example the Web of Knowledge accessed via the Social Sciences Citation Index, were searched using key words and authors. Journal articles, books, government publications, research reports, mass media articles, policy reports and conference papers were included in the process. This literature was used to situate the present study within current debates, to develop the set of research questions around which to organise the study and to identify the factors proposed to influence firm location.

5.4.2 Phase two: choice of case study area

The selection of the case study area was an integral part of the research process and can be directly linked to the research agendas outlined in Chapter 1. The research aims to contribute to the debates in economic geography which highlight a new spatial organisation associated with economic transformation and the expansions of the knowledge economy, with particular reference to the creative industries sector. The context for the research is the economic and physical regeneration taking place in the UK's transforming industrial cities.

A range of criteria were used to determine the choice of case study area because they were all hypothesised to have an influence on creative industry firm location. These are shown in the left hand column of Table 5.7. The top three criteria were the most important in the decision. The first criterion was that it should not be a global city like London, but a regional city, as already signalled as the aim of the study. Secondly, the case study area needed to possess a critical mass of creative industry activity. Third, a large and densely populated conurbation was favoured to best demonstrate patterns of industry organisation and distribution. As the study aims to review the different advantages and disadvantages

associated with alternative locations, it was necessary that the case study should have a variety of locality types to explore.

Three further characteristics were also considered desirable. Strong connectivity was considered an advantage as networks are thought to be important to creative industry firms. It was preferred that the case study area had undertaken regeneration and re-imaging to try and position itself more favourably in the transforming economy. Finally, a diversity of regional assets was also considered useful as it would allow an indication of which of these had influenced firm location.

Table 5. 7: Rationale for the choice of Manchester

	CRITERIA	ASSETS
1	Out of London	Regional conurbation
2	Strong, high profile creative industry activity	Largest concentration of creative industry activity outside London. Longstanding media strength and associations with music
3	Diverse range of regional settlements within a large urban region	Densely populated region. Strong variation of sub-regional settlements and multi centric nature of Greater Manchester
4	Connectivity	International airport. Fast and frequent rail links to London
5	Governance	An early 'entrepreneurial turn' towards regeneration and place marketing
6	Diversity of regional assets	Universities, international airport, sports and cultural facilities. Cultural facilities and associated retail and leisure amenities

Source: Own analysis

The Manchester conurbation was the first choice based on the reasons shown in the right hand column of Table 5.7. In relation to the first criterion, the search was focused on England because the main policy-related literature from central government reviewed in Chapter 3, notably that published by the DCMS, is England-specific. Five conurbations were selected as being large and varied enough to be likely to satisfy the other two principal criteria – Greater Manchester, Merseyside, Tyne and Wear, West Midlands and West Yorkshire.

The evidence in favour of the choice of Manchester on the basis of the second criterion is shown in Table 5.8, which also includes the case of London for comparative purposes. Here the level of presence of employment in some key sectors of the creative industries is

benchmarked against the national average. London's dominance is immediately obvious, as it has more than the national average proportion (set at 1.00) in six of the seven sectors shown: it is only for arts and antiques that it is outranked by any of the five other conurbations. In fact, it is Manchester that ranks top for that sector, and moreover it ranks either second or third on all other sectors apart from publishing. None of the other four non-London cases match this performance.

Table 5.8: Location quotients for creative industry sectors in selected English conurbations benchmarked against the national average (=1.00)

CONURBATION	ADVERTISING	ARCHITECTURE	ARTS AND ANTIQUES	DIGITAL CONTENT	FASHION	FILM AND TV	PUBLISHING
Greater London	2.31	1.17	0.90	1.32	1.40	3.40	2.47
Greater Manchester	0.99	0.90	0.94	0.69	0.87	0.72	0.44
Merseyside	0.33	0.85	0.90	0.55	0.72	0.43	0.45
Tyne and Wear	0.46	1.03	0.84	0.69	0.81	0.58	0.58
West Midlands	0.59	0.83	0.91	0.78	0.84	0.56	0.26
West Yorkshire	0.60	0.90	0.76	0.61	0.90	0.53	1.41

Source: Own analysis of ABI data for 2005 extracted from NOMIS

In terms of the third essential criterion, Manchester is a densely populated region with a wide variety of sub-regional settlements. As well as a seemingly strong core-periphery pattern there are concentrations of economic activity outside the centre. Chapter 6 introduces this patterning in greater detail.

In terms of the other three desired criteria, Manchester also has very strong connectivity, with good rail linkages to London and a large international airport. It is seen as a city which took an entrepreneurial approach to governance embracing ideas of urban renaissance and a return to the centre. Finally, Manchester also has a diversity range of regional assets ranging from its universities to its many arts and cultural institutions.

5.4.3 Phase three: choice of case study sectors

Due to financial and time constraints, it was decided that the study should be limited to researching a maximum of two creative industry sectors. The decision to study more than one sector was based upon the third research question, which aims to determine if particular sector characteristics influence location choices. As highlighted in Chapter 3, despite suggestion of common characteristics for the sector, these industries are heterogeneous. It was felt that, by choosing two sectors with somewhat different spatial patterns, the synergies and tensions between their determinants of location could be uncovered and their spatial characteristics be better understood.

The selection of the two sectors for further investigation was identified following a quantitative analysis designed to determine which of Manchester's most important creative industries was most centrally located and which was least centralised. Problematically, as mentioned in Chapter 3, there are challenges within the existing data related to creative industries. There are different histories of data collecting, gaps in reporting, no coherent national categorisation and a lack of shared mechanisms for collecting data. Despite a great deal of focus and weight of expectation attached to growth in this sector, there is substantial confusion surrounding definitions, terminology and measurement.

It was originally hoped that for this purpose it would be possible to use the Inter Departmental Business Register (IDBR) data, which is a list of UK businesses maintained by National Statistics. However, the full details of company names and numbers are not available, as they are restricted commercial material and therefore possess a confidential status. Labour Force Survey (LFS) data was also rejected on the basis of it being a relatively small sample. Instead, employment data from the Annual Business Inquiry (ABI) was used to measure the geographic distribution of employment by sub-sector (Partington, 2001). The ABI provides estimates of employee jobs down to ward and postcode sectors by detailed 4-digit Standard Industrial Classification (SIC) codes and by gender and part/full time work.¹¹

¹¹ A full list of industry codes for the creative industries can be found in Appendix 2

A licence was purchased to access the ABI data through the National Online Manpower Information Service (NOMIS). Location quotients¹² were calculated for all the creative industries for which some usable statistical classification exists. This measure is a well-established index for comparing an area's share of a particular activity with a national or other benchmark. Location quotients are widely used (De Propis et al, 2009; Gornostaeva, 2008; Lazzeretti et al, 2008) partly because they are easy to understand. 1.0 means the same degree of presence in a local area as the average for the wider area in which it is situated, 2.0 means twice the proportion for the wider area, 3.0 means three times and 0.5 means only half as much as the wider area. The location quotients were calculated from the ABI data for 2005, the most recent year available at the time of this phase of the thesis research.

While recognising the ABI data as the best source for the purposes of this study, there are a number of drawbacks with it. Firstly, while not unique to the ABI, the SIC classifications are somewhat outdated, being rooted in the past industrial structures and revised only when new sectors of the economy have become well established. While there have been some revisions in recent years, the overall structure has remained largely unchanged. Problematically all the classifications aside from advertising mix together, to differing extents, creative and 'non-creative' activities within single codes. The structure of the classifications means that, for some SICs, identification of Creative Industries within whole industrial codes is required. For example, as mentioned in Chapter 3, architecture is included in the 7420 code, but this code also includes quantity surveying and a wide range of engineering activities. In order to mitigate this, only a certain proportion of the code is taken to represent the part that comprises the 'creative industries'. Appendix 2 gives more detail of the classification codes for each industry and details the proportion assigned to the Creative Industries sector.

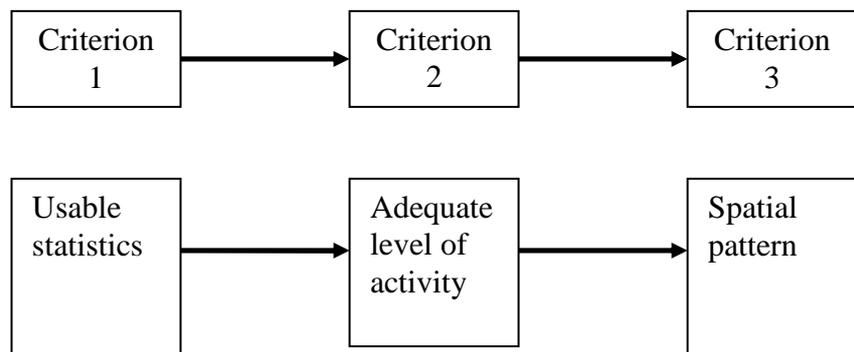
Secondly, the ABI is based on information collected from employers and thus does not include data on self-employment. As already discussed, this is an important category in the creative industries and the structure of employment has vastly altered in the last few

¹² Location quotient: "A quantitative measure used to describe the concentration of a group or activity in a locality or region relative to that of a larger area such as the ... national norm. The quotient is the ratio of the local concentration to the national figure, and the location quotients have been widely used to measure regional employment specialisation. For example, if locality A has 53.2 per cent of its employed population working in manufacturing and the national percentage is 28.6, then the quotient for region A is $53.2/28.6 = 1.86$. A quotient greater than 1.0 indicates greater concentration in the region than the national norm, and a value of less than 1.0 indicates relative absence". (Gregory et al, 2009)

decades with changes in arrangement of first and second jobs, non-paid jobs, unemployment and self-employment (DCMS, 2004). The Labour Force Survey (LFS) does contain details of flexible and self-employment in the form of the Standard Occupational Classifications (SOC, now the NS-SEC), but it is not possible to disaggregate this reliably to the local level because the LFS is based upon a relatively small sample.

The process of selecting two creative industry sectors for case study purposes involved filtering them through three criteria as shown in Figure 5.3. The first of which was designed to counter the effect of the two main weaknesses of the data source just described, namely that the data were reasonably reliable (i.e. not too dependent on small proportions of much larger SIC aggregates) and meaningful (i.e. would not be too different, had it been possible to include the self-employed). The second criterion involved checking on whether the sector had sufficient presence in the case study area to enable a reliable assessment of its spatial pattern with the latter forming the third criterion.

Figure 5.3: Selection of case study sector



Source: Own Analysis

Table 5.9: Rationale for the choice of case study sector

CRITERION	INDICATOR	REPRESENTED SECTOR	EXCLUDED SECTOR
Usable statistics	Not too small a proportion of code being taken	Advertising Architecture Digital content Film and television Music Publishing Performing arts Visual arts and crafts	Arts and antiques Design Designer fashion
	Less than 50% self-employed	Advertising Architecture Design Digital content Film and television Publishing Visual arts and crafts	Designer fashion Music Performing arts
Adequate level of activity in Greater Manchester	At least 4,000 employed	Advertising Architecture Digital content Film and television Publishing	Arts and antiques Design Designer fashion Music Visual arts and crafts Performing arts

Source: Own analysis

Table 5.9 gives details of which sectors were excluded or represented at each phase of the selection process. Firstly, on the grounds that the proportion taken of the classification code was too small to give meaningful data, particularly at the local level, three industries were excluded from further analysis. These were design (for which no classification code exists at all), arts and antiques markets and designer fashion.¹³ Secondly those sectors with a very high level of self-employed (classified as over 50% of all workers in the sector in Greater Manchester) were excluded as the ABI's data on just employees could give a misleading picture of such a sector's full spatial patterning. For example, one industry which it had been hoped to investigate further, due to its long history of involvement in Manchester, was music, but this was not considered possible due to a self-employment

¹³ The full list of industry codes and the proportion taken from them to generate the individual sectors can be found in Appendix 2

level of 77% in Greater Manchester (NWRIU, 2003). The other sectors excluded on this indicator were the performing arts and designer fashion.¹⁴

The second criterion required that an adequate level of activity was taking place. To this end, statistics (NWRIU, 2003) were assembled in order to determine which sectors were the biggest employers. Using a threshold of 4,000 employees, just five sectors remained: advertising, architecture, digital content, film and television, and publishing.

In the third phase of case study selection the location quotients for the five remaining sectors were calculated at district and ward levels in order to identify the degree of concentration on the centre of Manchester. The chosen sectors for the study based on this work were: the film and television sector (with the most centralised pattern within Greater Manchester) and the advertising sector (with the least centralised pattern).

More detailed explanation of the selection process and the results generated from the mapping can be found in Chapter 6. The chosen sectors¹⁵ had usable statistics and, as was revealed in Table 5.8, Greater Manchester has a greater share of activity in film and television and advertising than any of the other English conurbations, aside from London, which meant that these two provided suitable sectors for case study.

5.4.4 Phase four: Documentary research

It was considered important to build up contextual evidence on the case study area within which the collection of primary data took place. This was especially true in this instance as the study was conducted at a distance. This secondary information was collected in relation both to the case study area and the two selected creative industry sectors and was ongoing throughout the fieldwork. It was used alongside interview data, notably the 18 interviews with stakeholders (see section 5.4.5), to extend my knowledge of the structure of the media and advertising industries. It drew on a combination of academic literature, trade publications, websites, and local and national papers. The aim was to try and draw out differences and synergies in the structure of the sectors which might affect where they locate. In addition, statistical information from ONS and ABI data obtained from NOMIS

¹⁴ Full details of NWRIU (2003) statistics can be found in Appendix 3

¹⁵ See Appendix 4 for profiles of the case study sectors

were used to help build up profiles of Greater Manchester as a whole as well as the case study sectors there.

Secondary data on the creative industries is not straightforward to use. As literature had to be assembled from a range of sources with commentators originating from different academic disciplines, the public-sector, private consultancy firms, journalism, business, cultural practitioner positions and more, the tone, quality and depth of available literature were found to be very wide ranging. It included a plethora of so-called 'grey' literature. The most common type of report on the contribution of creative industries tended to be advocacy and promotional material. This is "typically...presented in the form of promotional, PR and descriptive case studies for media and public consumption, and design master plans. They are also used to report on and 'celebrate' major programmes" (Evans, 2005: 962). This demonstrates the importance of an awareness of the alternative discourses surrounding the area. It was of central importance to think about how the arguments are framed and whose voices may be silent. This challenge was hoped to be overcome by a large literature from a range of sources and a critical eye for reviewing 'grey' literature.

5.4.5 Phase five: semi-structured interviews

Semi-structured interviews made up the majority of the empirical data collection. They were used to elicit in-depth information about locational preferences as well as contextual information about the case study area and its creative industries. There are many advantages of interviewing, related to the long length of time spent with an individual respondent, including greater depth, allowing attitudinal and behavioural insights, the elimination of negative group dynamics such as difficulty with sensitive issues, and more control over the direction of the discussion (Greenbaum, 2000).

As some structured data was required, in terms of a ranking of determinants of location of the firms, a questionnaire could have been used. This would probably have enlarged the potential sample size, but was rejected for a number of reasons. Firstly, the response rates for questionnaires are often low. Secondly, meeting face-to-face allows the interviewer to clarify the nature of information required. Thirdly, in presenting the factors on cards scattered across the table at interview, it avoided any sense of hierarchy which would have

been difficult to avoid when providing a list on a paper or electronic questionnaire.¹⁶ Fourthly, by sending out a questionnaire, it may have been more difficult to target the correct respondent within the firm (i.e. the respondent with decision making powers regarding location). Finally and most importantly, although some standardised information was required, getting an explanation of preferences was the most crucial part of the interview and could only be fully developed within an interview context. It was not considered possible to undertake a two-stage process involving a survey followed by an in-depth interview due to the time constraints of the respondents.

As mentioned above, the interviews were semi-structured and, as such, were approached with a set of topics to be discussed. This provided some standardisation of the questions asked and therefore ensured a high degree of comparability between the respondents. Many of the participants could not spare more than one hour so it was necessary to ensure that the main issues were covered within that time. While greater richness than offered by a questionnaire was required, the ability to compare was also needed. Beyond this the structure was flexible, so if participants had more time to spend, broader issues were also discussed. This was designed to allow some case histories of the location of some firms to be probed. It was also useful in exploiting the knowledge of participants with a long history of involvement in the sectors and the case study area, particularly when trying to find more out about emergent and often less intangible issues like place image. A copy of the interview schedule can be found in Appendix 5.

The interviews were conducted, as far as possible, face-to-face with participants. Initially telephone interviews were considered, due to the problems with distance in this study, both travelling to the case study area from Glasgow and accessing individual firms across the Manchester conurbation. On reflection, however, it was decided not to use this approach, unless absolutely necessary, for a number of reasons. The main rationale was that the use of a telephone would deny the ability to read visual cues (Sturges and Hanrahan, 2004). Secondly, as just mentioned, the ranking of the location determinants would have been more difficult to handle without bias. At the same time, visiting the firms on site allowed additional information to be gathered, for example from the appearance of the firm offices and about the characteristics of the immediate area. In the end there were just two cases of hard-to-reach participants who were interviewed over the telephone and, as both these were with stakeholders and not with the firms, the cards were not used for these anyway.

¹⁶ See later in the section for an explanation of the use of cards

The rest of this section goes on to look at the selection of the sample and how the interviews were conducted.

5.4.5.1 Selection of the interviewees

It was recognised that the choice of sample may influence the internal validity of the results through selection bias. The confidence in the generalisability of the findings is dependent on the representativeness of the sample. The larger the sample size, the greater the degree of representativeness is likely to be. This must be balanced in a study with the limits of time and resources available. In the study a non-random sampling technique was employed as is recommended for small-scale, in-depth research projects (Tashakkori and Teddlie, 1998). In terms of the sample, a sequential sampling approach was taken. Participants were identified through online directories, industry directories, phone directories, networking sites, agencies, local authorities and online searches, together with recommendations from the other interviewees (see below).

The interviews with policy makers, workspace managers, industry professionals and other stakeholders with local knowledge of creative industries in the case study area were intended to provide specific contextual information. Most of these interviews were conducted earlier in the study to help build up information about the creative industries there and direct the researcher to firm-based participants. The interviews with the firms in the two sectors were undertaken with respondents who had decision making powers regarding the choice of firm location. The main challenge was to ensure a balance and work out how to approach the sample. It was, to a certain degree, harder to locate businesses located in the less central parts of the case study area, but this was necessary to ensure a balance of participants.

As mentioned above, once the interviews began, further participants were identified, largely through recommendations from the interview participants and partly influenced by the trust established by meeting people face-to-face. Initial attempts at locating participants were strategic and aimed to utilise agency links to establish gatekeepers who could suggest further participants. Thus snowballing was also used where initial participants directed the researcher to further contacts. Bryman points out that snowball sampling fits well with qualitative research: “When the researcher needs to focus upon or to reflect relationships

between people, tracing connections through snowball sampling may be a better approach than conventional probability sampling” (2004: 102). Gatekeepers were identified to help gain access to the sample.

The programme of interviews had to be organised carefully due to the distances involved. This entailed scheduling the interviews in blocks during visits. In order to ensure a large sample it was important to be flexible in arranging these, but this had to be balanced with the need to arrange them efficiently due to cost and time restrictions. As well as notes being taken at the time, the interviews were recorded in full and partially transcribed afterwards. As Bryman (2004: 325) explains, recording interviews is particularly important in qualitative work to ensure “interviewees’ answers are captured in their own terms”. The findings of the standardised components of the interview were compiled into table form in Excel files for easy comparison. The less standardised parts were transcribed after listening to the recordings to draw out key themes.

The size of the interview sample was determined by the level of theoretical saturation and resource limitation. A total of 46 interviews were undertaken. In all, 28 were undertaken with the directors of firms in the advertising sector and the film and television sector. These firms ranged in sector, location, size, and activities as shown in Table 5.10. Of these 10 were based in the city centre and 18 in the periphery¹⁷. 16 firms were from the advertising sector and 12 from film and television.

¹⁷ Originally 16 were selected in the centre and 12 in the periphery based on the definition of the city centre to be detailed in Chapter 6. It was later decided, as per the discussion in Chapter 7 that 6 firms situated in Salford’s Chapel Street area were outside the city centre.

Table 5.10: Details of respondents in the firm interview sample

	TYPE OF COMPANY	ROLE OF PARTICIPANT IN COMPANY	LOCATION OF COMPANY	CENTRE/ PERIPHERY	SIZE OF FIRM
1	Advertising agency	Founder and Director	Manchester City Centre	Centre	Medium
2	Marketing, design, brand agency	Founder and director	Bolton	Periphery	Small
3	Advertising agency	Director	Northern Quarter	Centre	Medium
4	Advertising agency	Founder and Creative director	Northern Quarter	Centre	Medium
5	Advertising agency	Director	Northern Quarter	Centre	Medium
6	Advertising agency	Director	Northern Quarter	Centre	Small
7	Advertising agency	Director	Chapel Street, Salford	Periphery*	SE
8	Advertising agency	Director	Chapel Street, Salford	Periphery*	Small
9	Communications agency	Director	Bolton	Periphery	SE
10	Advertising agency	Director	Altrincham	Periphery	Medium
11	Advertising agency	Director	Manchester City Centre	Centre	Medium
12	Integrated communications company	New Business Director	Sale	Periphery	
13	Advertising agency	Managing director	Manchester City Centre	Centre	Medium
14	Advertising agency	Operations Director	Didsbury	Periphery	Large
15	Advertising agency	Director	Northern Quarter	Centre	Small
16	Advertising agency	Director	Salford	Periphery	SE
17	Location film and TV crewing company	Founder and Director	Salford Quays	Periphery	Small
18	Broadcast equipment supplier	Director	Salford Quays	Periphery	Small
19	Post-production facilities	Owner and director	Manchester City Centre	Centre	Large
20	Production company (films for museums)	Founder and director	Chapel Street, Salford	Periphery*	Small
21	Production company (short films, music videos)	Director	Chapel Street, Salford	Periphery*	Small
22	TV production company	Head of production	Stockport	Periphery	Medium
23	Production company	Director	Bolton	Periphery	Small
24	Film and video production company	Director	Bolton	Periphery	SE
25	Production and post-production company	Director	Chapel Street, Salford	Periphery*	Small
26	Production company	Director	Chapel Street, Salford	Periphery*	SE
27	Production company	Director	New East Manchester	Periphery	SE
28	Post-production facilities	Director	Manchester City Centre	Centre	Medium

Note: In terms of firm size: SE = self employed, small = less than 10 employees, medium = 10-40 employees, large = more than 40. * These firms were originally defined as central, but as a result of the answers provided by the interviewees they were subsequently reclassified as being outside the centre. See section 7.3 for further details.

Source: Own analysis.

There were 18 interviews with stakeholders, who are listed in Table 5.11. These interviews were used to build contextual information about the environment that the firms were operating in. The expertise ranged from workspace managers who gave information regarding the occupants, past and present, to industry experts who gave valuable

information surrounding the landscape for changes and about the challenges and opportunities of the sector. Manchester-specific information was generated by the interviews with academics who offered insights into their experience of recent changes in the conurbation and the history of cultural activity. Those with specialist policy backgrounds provided information about regeneration and economic policy in Manchester, particularly with reference to efforts to nurture the creative industry sector.

Table 5.11: Details of respondents in the stakeholder interview sample

	NAME OF ORGANISATION	ROLE OF RESPONDENT IN ORGANISATION
1	MIDAS	Creative Industries Development Officer
2	North West Vision and Media	Managing Director
3	Wigan Council	Former Creative Industries Officer
4	Stockport Council	Economic Development Officer
5	Oldham Council	Regeneration Officer
6	D&AD (educational charity for advertising industry)	Coordinator of Northern network
7	Trafford Council	Creative Industries Officer
8	CIDS (Creative Industries Development Services)	Director
9	International Media School, Salford University	Professor
10	Manchester Metropolitan University	Researcher
11	ITV	Head of Regional Production
12	BBC	Involved in BBC move
13	Islington Mill: workspace for creative industries	Owner and Manager
14	Broadstone Mill: workspace for creative industries	Marketing Manager
15	The Pie Factory: studio complex MediaCity UK site	Manager
16	Manchester City Council, City-centre Regeneration Team, Chief Executive's Department	Policy Officer
17	DJ, author and cultural commentator	
18	Advertising agency	Director

Source: Own analysis

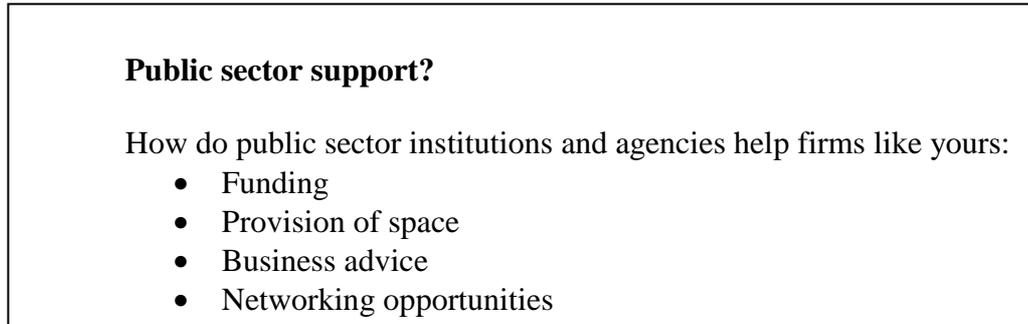
5.4.5.2 The interviews

The interviews comprised three main parts (see Appendix 5). The first part elicited basic information regarding firm structure, its age and its activities, including questions about industry organisation membership, attendance of networking events and publications subscribed to. This information was used to contextualise the participants' answers to the other two parts of the interview schedule.

In the second part, participants were asked to set out what they considered the principal determinants of the location of their firm to be and to assess their relative importance. Each

card detailed one particular determinant of location¹⁸ and some had questions prompting participants to examine their perceptions of importance. An example of one card focused on public-sector support can be found below in Figure 5.4 and a full list of the cards can be found in Appendix 6.

Figure 5.4: Example of an interview card



Source: Own Analysis

The visual cue of the cards proved very useful in conducting this part of the interviews and was especially helpful when participants were encouraged to rank the importance of the determinants of location.¹⁹ After ranking their top five determinants of location, the responses were probed further to give a fuller explanation of the influence of the factors. The rankings were calculated using the weightings, for example a factor given a top ranking of one was multiplied by five while their lowest ranked factor (i.e. their fifth) was multiplied by one. To allow for difference in sample size, the percentage of weighted mentions attributed to each factor by the firms in each sector was calculated.

The final part of the interview schedule involved a contacts web²⁰. This aimed to probe the geography of the firm's relationships. It was added into the interviews only after the first batch of interviews had been undertaken as it was only then decided that more information about the spatial interactions of firms could be useful. In all, 17 of the 28 firms were able to complete the contacts web.

¹⁸ The determinants of location can be found in Table 6.6

¹⁹ See Table 6.6 for the results of the determinants of location

²⁰ A copy of the contacts web can be found as part of the interview schedule in Appendix 5

The 18 interviewees in the stakeholder sample were asked specific questions relating to their knowledge of aspects of creative industry activity in the case study area. Before the interviews, a basic schedule of questions was developed (see Appendix 7).

5.4.5.3 Ethics of interviewing

Clarity and openness about the aims and purpose of the interviews were important, so that any concerns my subjects had could be addressed. Prior to meeting them, interviewees were given an information sheet (see Appendix 8) detailing the aims of the study and giving assurances of anonymity. At the time of the interview, a consent form was signed by each candidate (see Appendix 9). These reminded participants of their right to withdraw from the study whenever they wanted. A tape recorder was used. None of the subjects wished to remain anonymous, but sometimes interviewees made it clear that particular statements were made strictly 'off the record' so these were omitted from the notes and transcriptions. It was felt unnecessary to identify the interview subjects beyond their roles: job titles are used to differentiate them. Of course, it may still be possible to identify an individual person, but as none requested anonymity, this was not felt to be a cause for concern. The ethical requirements of conducting the interviews are therefore believed to have been fulfilled.

5.5 Conclusion

This chapter has aimed to demonstrate the philosophical underpinnings which have guided the research design of the study. A rationale for the selection of a mixed methods approach has been outlined alongside the specific tools chosen to investigate the research propositions. Following on from Chapter 3, some of the challenges of researching the creative industries sector were outlined. The research design has been selected to temper some of these issues. By employing a mixed methods approach, both quantitative and qualitative data can be triangulated. The quantitative data collected allows for basic patterning to be identified, whilst the qualitative material is used to explain and give depth to the findings. The selection of a case study area was undertaken with care and based upon the research problems and themes identified at the end of Chapter 4.

The combination of calculating location quotients and undertaking semi-structured interviews with firm directors has been justified. As explained, the research uses further semi-structured interviews with a range of stakeholders to provide contextual information and highlight broader issues at play within the policy and industry landscape.

Chapter 6 provides more detail about the case study of Greater Manchester, in particular specifying the geographical boundaries chosen for the case study area and their rationale. It goes on to set the context of both its economic and spatial structure. It then presents the results from the quantitative part of the study and identifies the geographical patterning of the two selected case study sectors. Policy documents, government statistics and academic reports are utilised to explore the key areas of research alongside the results from the quantitative stages of the study. It finally provides an initial assessment of the importance of the full range of potential location factors for the firms within the two sectors. It identifies the three most important location factors which form the basis for structuring Chapters 7-9.

6 The Manchester case study

6.1 Introduction

This chapter is the first of four which present the findings from the empirical work. Leading on from the methodology chapter, its main purpose is to provide more detail about the selected case study area and about the presence there of the two creative industry sectors that have been singled out for particular attention. The chapter therefore builds on the justification of the choice of Manchester for this research given in Chapter 5. Key topics are the more precise definition of the geographical area that is the subject of this study, the fuller demonstration that this area meets the criteria used in its selection and the more detailed evidence on spatial patterning that led to the choice of the two sectors. The chapter also lays the foundation for the remainder of this thesis by providing an initial assessment of the importance of the full range of potential location factors for the firms within the two sectors.

The chapter is arranged in four main sections. The first of these defines the boundaries used for the case study, in both the selection of the dimensions of the case study urban region and those of the city centre. The second section provides more detail about the case study area, partly in order to reinforce what was said in the last chapter about the reasons for its selection for this research but mainly so as to provide context for what follows. In so doing, this section also introduces the creative industry sector in Greater Manchester. The second main part of the chapter identifies the geographical patterning of the film and television and the advertising sectors across the study area, primarily using data on employment. The third section presents the results of analysing the information collected from firms on their views about the location factors. The identification there of three primary sets of factors contributes to forming the structure of the following three empirical chapters.

6.2 Defining the geographical dimensions of the case study area

The previous chapter presented the justification for choosing Manchester as the case study area for this research. It did not, however, get into detail about how to define the Manchester conurbation in geographical terms. Perhaps the most important consideration here is that the research design set out in Chapter 5 requires a conurbation-wide perspective to be taken, so as to examine the degree to which the creative industries are spread across the wider urban area as opposed to being concentrated in its principal centre. As we will see in more detail below, the local authority that constitutes the official ‘city’ of Manchester comprises only part of the conurbation of which Manchester forms the centre. Also crucial for this purpose, however, is to establish at least a working definition of what should be considered the ‘centre’ and mark out the boundary between this and the rest of the case study area. In this case, the local authority area of Manchester is far too extensive and a much tighter definition is needed. The rest of this section explains why the area still widely known as Greater Manchester – even though the metropolitan county with this name was abolished as a political and administrative unit over 20 years ago – was selected as the case study area and why the definition of its centre was based on the area recognised by local planners as Manchester City Centre.

By way of broad geographical context, Figure 6.1 shows the positioning of Manchester within northwest England and the adjacent regions to the east and south. It lies more or less equidistant from the three other major centres of this part of the country – Liverpool, Leeds and Sheffield – as well as from the smaller regional centres of Preston to the northwest in Lancashire and Stoke-on-Trent to the south in Staffordshire. Manchester is the largest of all these cities. This is reflected in the way that it is labelled in the map as directly downloaded from EDINA Digimap (i.e. in capital letters). As such, it holds a pivotal position within the urban architecture of this part of northern England, reinforced by possessing its most important airport and by the M62 motorway which breaches the physical barrier of the Pennines to the east. It also has a fast and frequent train service to London, though it is not on the West Coast Mainline railway route which runs through Crewe and Preston and passes through only the western extremity of the former Greater Manchester metropolitan county at Wigan.

Figure 6.1: Manchester's regional context



Scale: 1: 800000

Source: Digimap

6.2.1 Bounding the case study area

Against this background, we first address the question of what outer boundary to use for the case study area. At the time when the decision had to be made for this research in 2006, a range of choices presented themselves. Much was seen to depend on whether to adopt a physical, functional or politico-administrative approach, and there were also the pragmatic considerations of data availability and what had been used in previous research that could be drawn on to provide context for the study. One possibility was to use the physical or built-up-area approach, such as that developed for the Urban Areas volumes of the 2001 Population Census. In terms of functional definition, the concept that has the longest history and is still commonly used is that of the Travel To Work Area (TTWA) which is defined on the basis of commuting self-containment, but in recent years the idea of ‘city region’ has come to the fore. The latter has been pushed by a political agenda that included the setting up of the Core Cities Group and the development of a spatial strategy for ‘The Northern Way’ under the auspices of central government’s Sustainable Communities Plan of 2003. This has helped to generate a renewed academic interest, building on antecedents from both the early twentieth century and the local government reorganisation of the 1960s (Parr, 2005, 2008) – a development which has been paralleled by the growing literature on the polycentric urban region (see, for example, Parr, 2004; Hall and Pain, 2006).

Each of these options offers different solutions to the question, even when simplified to the best fit of local authority districts. This is illustrated in Table 6.1, which lists all the districts that were included in the options shown and indicates which are included under each alternative. The ‘Greater Manchester Urban Area’ (Pointer, 2005: 52) covers nine districts, which make up all of the former metropolitan county except Wigan. The best fit of local authority areas to Manchester’s TTWA excludes three of the districts on the northern and eastern parts of the former county which are large and self-contained enough to form their own TTWAs (Bolton, Oldham and Rochdale) but extends further south to include Macclesfield in the county of Cheshire and High Peak in Derbyshire. Next, the city-region definition developed for the Core Cities Group – this being based mainly on commuting linkage with the economic core of the conurbation – comprises the whole of the former metropolitan county, together with the two more southerly districts of the TTWA definition and also Rossendale on the northern flank of the metropolitan county (with Bacup as its main town). Rossendale is omitted from the definition adopted for

Manchester's City Region Development Programme (CRDP) under the Northern Way, but otherwise the latter keeps all the districts in the Core Cities Group definition and also extends further southwards than the other definitions to include Congleton, Vale Royal (where Northwich is the main town) and Warrington. The final column shows the 10 districts of the former metropolitan county.

Table 6.1: Alternative district-based definitions of Manchester and their total employment in 2005

DISTRICT (EMP 2005)	UA	TTWA	CCR	CRDP	GM
<i>Principal district</i>					
Manchester (303,682)	*	*	*	*	*
<i>Rest of former county</i>					
Bolton (110,391)	*		*	*	*
Bury (59,991)	*	*	*	*	*
Oldham (80,641)	*		*	*	*
Rochdale (76,189)	*		*	*	*
Salford (115,280)	*	*	*	*	*
Stockport (118,959)	*	*	*	*	*
Tameside (73,896)	*	*	*	*	*
Trafford (123,148)	*	*	*	*	*
Wigan (101,541)			*	*	*
<i>To the south & east</i>					
Congleton (32,314)				*	
High Peak (30,259)		*	*	*	
Macclesfield (80,005)		*	*	*	
Vale Royal (46,405)				*	
Warrington (110,367)				*	
<i>To the north</i>					
Rossendale (21,983)			*		
<i>Total employment 2005</i>					
Districts in definition (*)	1,062,177	905,220	1,295,965	1,463,068	1,163,718
As % of GM definition	0.913	0.778	1.114	1.257	1.000

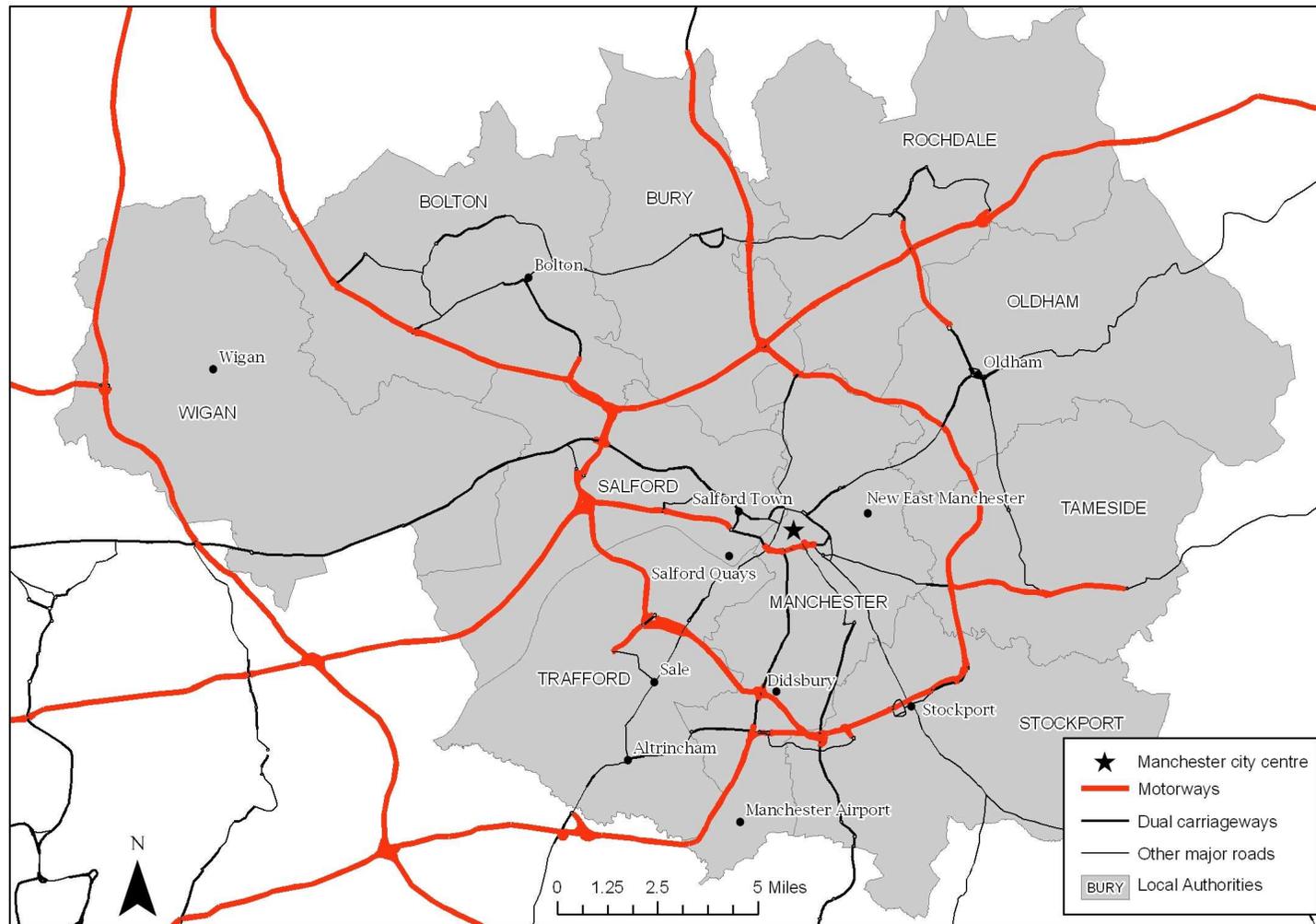
Note: EMP Total employees, UA Urban Area 2001, TTWA Travel To Work Area 2001, CCR Core Cities Group City Region, CRDP City Region Development Plan, GM Greater Manchester former metropolitan county.

In terms of selecting from these options, the aims of the research required that the study area should comprise at least the whole of the conurbation as physically defined. In terms of the functional reach of the conurbation core, the Core Cities Group approach is conceptually more appropriate than the TTWA approach for present purposes as it specifically takes account of the importance for other localities of commuting linkage into Manchester. The most generous definition is that of the CRDP approach, but this is primarily motivated by wider regional strategic planning considerations and advances much further southwards into Cheshire than Manchester appears to penetrate as a labour market area and economic sub-region.

In the end, a degree of pragmatism was allowed to prevail, with the final definition homing in on the area covered by the former metropolitan county. This decision was partly in terms of considerations like data availability, as mentioned above. Certainly, this definition of Greater Manchester continues to be widely used in the reporting of population and employment statistics, as already reflected in the data presented above in Table 5.8. It varies from the urban area definition only by the inclusion of one extra district, Wigan, and in its entirety forms the rump of the CCR and CRDP definitions. Moreover, it contains a high proportion of the jobs that are located within the area dominated by Manchester. As shown in the bottom panel of Table 6.1, Greater Manchester defined on this basis contained 1.16 million jobs in 2005 according to the ABI. Use of the Core Cities Group city-region definition would add an extra 130,000 jobs, i.e. only around 11 per cent more, while using the urban-area definition would cut out only 9 per cent of jobs.

Finally, since this decision was made in 2006, some further support for this approach has been provided by the Manchester Independent Economic Review (MIER, 2009). Though MIER took all the 16 districts shown in Table 6.1 as its broad area of reference, the study area for its labour market report excluded Vale Royal, Congleton and High Peak, while its report on sustainability and deprivation focused on Greater Manchester as defined for the present study.

The case study area which was adopted for this research is therefore the former political entity known as Greater Manchester as shown in Figure 6.2. In summary, it comprises what are now 10 unitary authorities that undertake all the responsibilities that central government requires of local government without any intervening layer of political representation and administration, except insofar as they agree to set up any joint working arrangements with each other.

Figure 6.2: The case study area

Source: Digimap

As shown too in Figure 6.1, the official city of Manchester dominates this area, with its city centre situated at the hub of regional road and rail routes as well as lying centrally within a circular motorway system about 5 miles out. Beyond this ring, the remainder of the study area is generally less heavily built-up but is punctuated by a number of towns that, while forming part of Manchester's commuting hinterland, also act as sub-regional centres for many purposes.

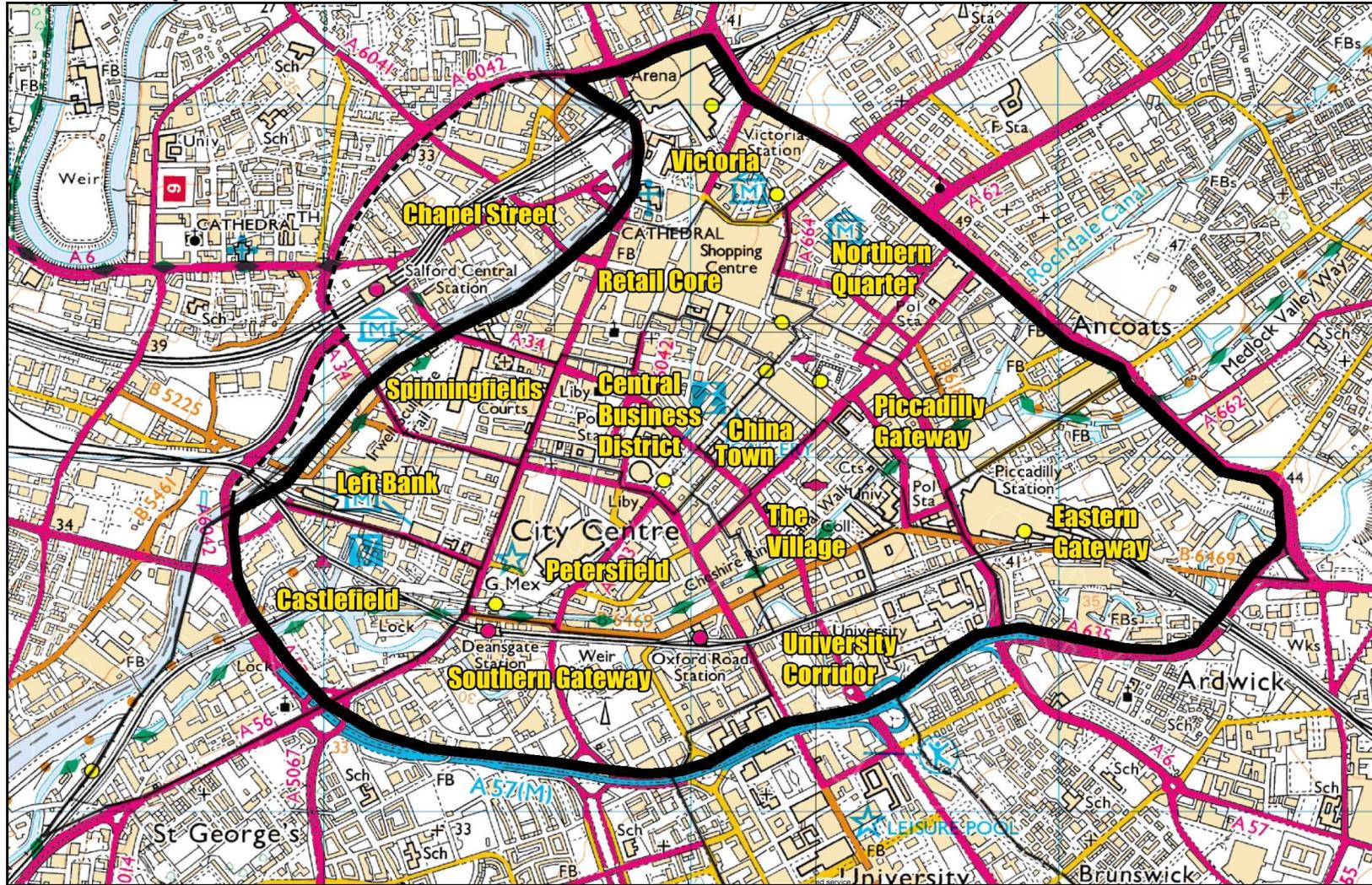
This physical structure makes this a classic 'conurbation', because – unlike cities which have grown around a single core and expanded laterally – Manchester has developed largely through the growing together of a number of separate nineteenth-century industrial towns (Deas and Ward, 2002). Indeed, if it had not been for the introduction over 60 years ago of strict controls on urban expansion including 'green belts', it is very likely that by now the whole of the study area would have merged into a much more continuous built-up zone than shown by the yellow shading in Figure 6.1, probably also including Wigan by now.

6.2.2 Demarcating the 'centre' of the case study area

Turning to the definition of the area within the case study area that should be considered the 'centre', there were few precedents to go on at the time that the research design was being formulated. In 2006 there were none at all that had been devised for the purpose of distinguishing between central and more peripheral parts of the Manchester conurbation as they might relate to the specific needs of the creative industries, and indeed this remains the case today. The most common approach to England's large conurbations is to define the centre in terms of the principal local authority, following the 'central city' idea that is conventionally used in studies of US metropolitan areas. Yet, as is clear from Figure 6.2, the local authority district administered by Manchester City Council not only covers the older built-up areas around the city centre itself but also extends southwards beyond the 'five-mile' motorway box and even includes the airport.

By contrast, the main official definition of Central Manchester, as developed by the City Council for planning purposes, is an area of roughly one square mile that is focused on the central business district and lies within what at least on three of its four sides constitutes an inner ring road. Identified by a star in Figure 6.2, it is shown in close-up in Figure 6.3.

Figure 6.3: Manchester City Centre



Source: Digimap

This is truly the ‘beating heart’ of the conurbation, in that it is its single largest employment node and contains the city’s two principal railway stations (Piccadilly and Victoria) that allow tens of thousands of people from all over the region to funnel into the city centre’s workplaces and service outlets on a daily basis. It includes the office quarter, the retail core (to its north), and the conference and exhibition quarter (to its south), together with the fringing zones that are characterised by a greater mix of uses including much residential accommodation, such as China Town, The Village (with its gay community focused on Canal Street), part of the university quarter, and the Northern Quarter, which as we will see constitutes Manchester’s single largest concentration of the creative industries sector. On the western fringe are the developing zones of creative industry development of Castlefield and the Left Bank, the latter named after the much larger and longer-established cultural quarter in Paris. Finally, the Manchester City Centre Plan also embraces the Chapel Street area, even though this lies on the far side of the city boundary in Salford.

These two alternative approaches to defining the centre of Greater Manchester might seem to represent the extremes, within which some intermediate compromise might be devised. However, to an even greater degree than for delineating the outer boundary of the case study area, pragmatism seemed appropriate at the outset of the research. Given the study’s main aim of uncovering what differences may exist between firms that locate more centrally and those in more peripheral sites, a more accurate drawing of the boundary between the two could be seen as a valid outcome. It was therefore decided to adopt a working hypothesis based on what was considered the narrowest of definitions, as a type of ‘null’ hypothesis or ‘straw man’ to be tested. This was the area covered by the City Centre Plan as just described.

This choice should not, however, be seen as entirely arbitrary. Also informing this decision was one of the main findings of the review of the spatial logic of the creative industries reported in Chapter 4. This concerns the strong emphasis placed on the importance of proximity and the way that this appears to have led to the geographical clustering of firms in this sector, not merely in certain cities and regions but also at the very localised scale of ‘quarters’ or ‘neighbourhoods’ within these. Ultimately, the decision to opt for a tightly drawn ‘centre’ was vindicated by information collected from the firms interviewed in the present study. As mentioned in relation to the categorisation of the firms in Table 5.10 above, the responses indicated that Chapel Street, Salford, was seen as peripheral to the main foci of activity in the main part of the City Centre Plan area, leading the locational

classification of the six firms here to be altered to 'peripheral' and producing the final definition of Manchester's centre as the area shown within the solid black line in Figure 6.3.

6.3 Profile of Greater Manchester

Defined in the way just outlined, the case study area of Greater Manchester is England's second largest city outside London, only marginally smaller than the 2.6 million people living in the former metropolitan county of West Midlands centred on Birmingham. Like the latter and the country's other large northern conurbations, it experienced major de-industrialisation in the second half of the twentieth century, most especially in the 1970s, since when there has been a major restructuring of its economy. The regeneration process has been led by the City of Manchester itself, with some impressive results achieved there in terms of physical renewal, population resurgence and economic transformation, and this most notably so in the city centre. This section profiles the case study area, beginning with an outline of the policy-led physical regeneration and moving on to the evidence of resurgence in population and employment.

6.3.1 Physical regeneration and reimagining

Manchester City Council is considered to have been a leader in regeneration, being one of the first UK cities to employ a more progressive form of urbanism (Quilley, 2002). During the late 1980s the Council distanced itself from its Socialist background, rejecting the course of action undertaken by those Labour councils which had become radicalised in opposition to Thatcher like Liverpool and Sheffield. Instead, it took a more entrepreneurial turn, "reinventing itself politically as the friend of central government and local business" (Peck and Ward, 2002: 12). The (failed) 2000 Olympic bid was widely seen as an example of the emergence of new kinds of political networks, serving to galvanise the networks of public and private sector elites (Peck and Ward, 2002: 13). A separate study found a widespread consensus that the combination of public and private sector leadership and the voluntary joint working agreements of the Association of Greater Manchester Authorities had contributed to recent success for the conurbation (Williams et al, 2006).

The centre of the city is seen to have been the particular focus of the physical regeneration. Manchester's city centre policies have included commitments to mixed use and residential development; the improvement of city centre shopping and other visitor attractions, the enhancement of the environmental and historical offers, and a strong emphasis on access and traffic management programmes (Williams, 2002). These developments were prioritised in the City Centre Local Plan of 1984 and in the period since then there has been a range of flagship developments located primarily in the city centre. These have included the G-Mex Exhibition Centre (1986), the Metrolink light transit railway (1992); the MEN Arena (1995) and the Bridgewater Hall (1996). This period of regeneration has also seen the establishment or renewal of a range of leisure amenities, including theatres such as Manchester's Royal Exchange and Salford's Lowry, along with music centres like the Halle. In terms of the retailing offer, the IRA bombing prompted a larger scale programme of renewal including the refurbished Arndale Centre which now provides access to a full selection of collection of high street stores, whilst the centre's profile as a magnet for shoppers has been boosted by securing Harvey Nichols and Selfridges stores.

There have also been extensive attempts to reimagine the city and encourage a return of economic activity and residential population to its centre. This public 'branding' of Manchester can be seen as part of the longer term shift to a more entrepreneurial style of governance mentioned above (Quilley, 2002). Such branding tends to 'sell' places on the basis of distinctive images which are built "around their unique benefits in order to give them competitive advantage" (Bramhall and Rawding, 1996: 204). As well as deliberate or induced promotion of a brand, images and impressions will also affect people's perceptions. In the Manchester case, Quilley (2002: 93) suggests that the "soft city" aspects of reimagining have had continuity in the way that they have built on aspects of Mancunian civic pride and indigenous popular culture, a process which has been aided by the extent to which the local elected councillors have recognised the importance of cultural identity and pluralism.

While Allen (2007) regards the revival of city centre living in Manchester as being the result of an organic movement by countercultural pioneers rather than being led by urban elites, there is plenty of evidence attesting to the role of a more neo-liberal approach through the commodification of cultures. According to Young et al (2006: 1693-94), in its efforts to "reconstruct the city centre", Manchester has used branding strategies focused on a "cultural agenda of city living". This has emphasised "service and consumption activities bolstered by flagship projects, bids for public-sector regeneration funding and the Olympic

and Commonwealth Games and city centre housing projects for the professional and middle classes” (Young et al, 2006: 1694). In the Gay Village the sub-cultures and lifestyles have been commercialised to present a fun and tolerant image to attract visitors and residents into the city centre, ultimately leading to the gentrification of the area (Binnie and Skeggs, 2004; Chatterton and Hollands, 2003). Artistic strengths have also been commodified with the use of the music scene images in Manchester’s branding campaigns.

These authentic experiences, associated with quality-of-life and place, have been presented as a rationale for a return to the city centre. Manchester has even made it on to Richard Florida’s website of favourite cities, where the city is described as a “powerhouse of partying”. The tribute goes on: “Manchester has a gritty edge but a soulful energetic buzz.... There’s also a burgeoning gay scene at Canal Street” (Florida, 2009).

Finally, Greater Manchester is also becoming increasingly well placed in terms of connectivity and transport infrastructure, notably through its international airport and its fast and regular train links to London. Improvements to the West Coast mainline rail service have reduced journey times to London to 2 hours and 15 minutes and trains leave Manchester Piccadilly approximately every half hour. Manchester Airport is the largest in the UK outside the South East and serves more destinations than any other provincial airport (Wilson, 2006a). It is considered a key driver of the economy of the region, with plans to increase passenger capacity from 22 million a year to 40 million by 2015 according to Colin Sinclair of Manchester’s inward investment agency (Sinclair, 2006).

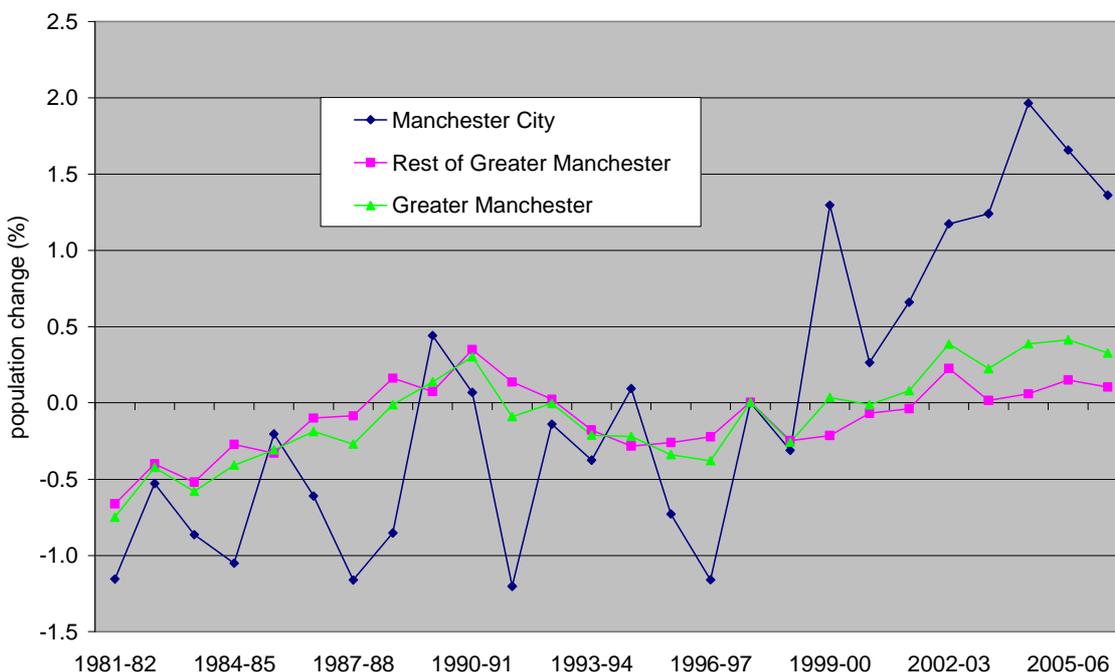
6.3.2 Demographic and economic resurgence

This regeneration and reimagining has had some impressive results according to a selection of statistics on Manchester’s population and employment change compiled for the present study, coupled with the information obtained from other researchers.

In terms of population change, growth faltered during the 1960s, but there has been an upturn in more recent years. Greater Manchester as a whole saw its number of residents decline for almost three decades after peaking in 1967, with a loss of 130,000 people in 1971-1981 alone. It lost a further 66,000 people in the following decade, and another 38,000 between 1991 and 2001. Since then, however, the case study area has moved into a

period of continuous – albeit modest – growth, adding a total of 46,000 in the six years to 2007. As shown in Figure 6.4, growth since 2001 has been adding just over a quarter of one per cent each year to Greater Manchester’s population and, while this is not the first occasion that a gain has been recorded since the 1960s, the latest growth has already been more sustained than the previous gain recorded at the end of the 1980s. What is particularly impressive in Figure 6.4, however, is the City of Manchester’s trajectory, with sustained population growth beginning three years earlier than for the rest of the study area and involving considerably higher rates than it since then.

Figure 6.4: Population change in Greater Manchester, 1981-2007



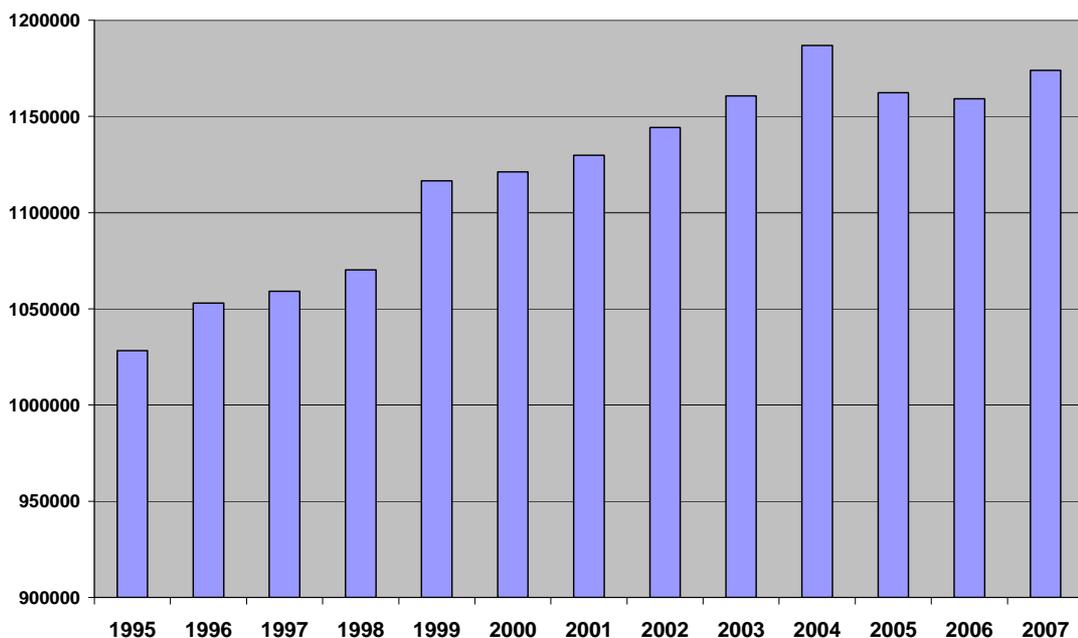
Source: Own analysis of ONS data

It is much more difficult to obtain data on long-term trends in population at the more local scale of the city centre itself. Estimates based on the decennial Census counts by Couch (1999) suggest that the number of people living in Manchester City Centre fell from around 4,000 in 1961 to just 1,093 in 1991, a reduction by almost three-quarters. Reworking the 1991 Census figures to match the 2001 Census definition of population (mainly by including students living there in term time) and adopting a somewhat larger area than used in the previous study, Nathan and Unwin (2006) calculated around 3,500 residents in 1991 and estimated that this had increased to around 10,000 by 2001. They go on to quote a Manchester City Council figure of about 15,000 for 2005. Meanwhile, the ONS ward level population estimates for Manchester’s City Centre ward give a figure of 10,505 for 2006, which represents a 50 per cent increase on the 6,975 estimated for 2001.

The actual details clearly vary according to source used and especially to what is defined as the city centre, but there is little room for doubt that the population of Manchester's city centre has grown substantially in the past 15 years, reversing a pattern of long-term decline.

As regards employment change in the case study area, the scale of decline up to the 1990s is very evident from the study by Giordano and Twomey (2002). They show that Greater Manchester as a whole possessed some 135,000 fewer jobs in 1997 than it had in 1971, a contraction by 11.7 per cent, which stands in stark contrast to a 5 per cent increase in jobs nationally. Their data also shows that the local authority area of the City of Manchester was particularly hard hit, accounting for 90,000 or two-thirds of the whole conurbation's loss, which meant a 26 per cent reduction in jobs there. The contrast between the City and the rest of Greater Manchester was found to have widened during their study period: between 1981 and 1996 the former lost 19 per cent of its jobs, while the number of jobs in the rest of the conurbation rose by 5 per cent. Not surprisingly, it was the manufacturing sector that was hit hardest. Peck and Ward (2002) point out that, while over half of Greater Manchester's workforce were employed in this sector in 1959, the service sector accounted for almost four-fifths of its jobs 40 years later. By contrast, the more recent picture is almost entirely positive, as can be seen in Figure 6.5.

Figure 6.5: Total employment in Greater Manchester 1995-2007



Source: Own analysis of ABI data

According to Figure 6.5, the number of jobs in Greater Manchester was already rising by Giordano and Twomey's cut-off year of 1997 and continued to do so year on year through to 2004. Then followed something of a setback, but even in 2007 – the year of highest employment nationally before the onset of the 'credit crunch' recession – Greater Manchester still possessed almost 150,000 more jobs than it had in 1995. The more detailed ABI data (not presented here) shows that, of the 145,500 increase in jobs between 1995 and 2007 shown in Figure 6.5, 51,600 were accounted for by workplaces in the City of Manchester district. This figure representing more than one third (35.2 per cent) of the total increase, which is considerably above what would have been expected from the City's share of Greater Manchester's jobs in 1995.

Other studies confirm the renewed strength of Manchester's economy and elaborate on its nature and underpinnings, particularly stressing the role of the new economy of knowledge-based industries. One commissioned by the North West Development Agency (NWDA) asserts that the Manchester city region contains "the density and mix of physical, institutional and cultural assets and the level of connectivity that are necessary for creating and sustaining high level, knowledge-rich economic activity" (NWDA, 2006: 12). MIER's recent (2009) report documents the volume of jobs in the knowledge-based industries for its definition of the Manchester City Region and demonstrates how far it outperforms all its main competitors except London. Its calculations, which use ABI data for 2006, put Manchester's number of knowledge-based jobs at 623,000, ahead of Birmingham's 503,000, Leeds' 465,000, Glasgow's 413,000, and Bristol's 247,000, though not surprisingly Manchester is dwarfed by London's 2.1 million. Equally impressively, MIER's City Region was found to account for almost half of the knowledge-based jobs in the whole of the North West region, which stretches from Cheshire to the Scottish border and includes the Merseyside conurbation (MIER, 2009).

This strength is reflected in the richness of Manchester's human capital. The MIER (2009) report shows that the City Region has a higher proportion of skilled occupations than the national average, although lagging behind Bristol and London. In terms of the population with qualifications greater than NVQ Level 4, Manchester performs better than Birmingham and Leeds, but less well than Glasgow, Bristol and London. In terms of the presence of skills, some 90,000 students attend Manchester University, Manchester Metropolitan University and the University of Salford. Alongside the combined research efforts of the universities, this is asserted to contribute to creating a favourable environment for business location, particularly for multinationals "who can come to the

region and find everything they need within a 150 mile radius” (Boone, 2007). In addition, Manchester conurbation compares favourably with the other provincial city regions in MIER’s study in terms of its ability to attract young migrants at an early stage of their career, with these settling not just in the core of the conurbation but also in more suburban locations too.

In terms of the geography of employment in Greater Manchester, the core area contains the densest concentration of employment according to the MIER (2009) report. The highest order functions are concentrated in the city centre and have benefited from both service-driven growth and investment in public services. At the same time, there has been some dispersal of lower functions to the conurbation’s smaller centres, with some of the recent growth in ICT and business services taking place in more peripheral areas of the city region. This decentralisation is thought to have been of most benefit to the southern parts of MCR, which has been linked to the residential preferences of skilled employees (MIER, 2009).

6.4 The creative industries in Greater Manchester

This section introduces the creative industries as an element in Greater Manchester’s economic structure, preparatory to looking at the spatial patterning of the two selected sectors across the case study area.

6.4.1 Overview of the creative industries

Greater Manchester has the UK’s largest concentration of creative industries outside London, with employment of 60,000 people (Manchester Enterprises, 2007). As well as its long-standing media strength, Manchester has strong associations with the music scene dating from the 1980s. There is also a concentration of fashion design activity, linked into the textiles industry. As detailed earlier, there are a great number of cultural facilities in the conurbation and the associated retail, leisure and entertainment sectors are also strongly represented. DEMOS goes so far as ranking Manchester as the UK’s ‘most creative city’,

based on a simplified version of Richard Florida's creativity index, putting it ahead of even London and Brighton (Florida, 2009).

Table 6.2 shows the main components of Greater Manchester's creative industries in terms of number of business units and total employment as calculated in 2003 by the North West Regional Intelligence Unit (NWRIU). The 11 sectors distinguished there can be seen to vary considerably in their presence, ranging from the digital content sector comprising at that time 1,698 businesses and employing 10,171 people through to the arts and antiques sector with just 134 firms and a workforce of only 846 people. The two sectors that were eventually selected for this study (see section 6.4.2, below, and Chapter 5) are amongst the larger of the eleven on these two criterion. In particular, the media sector is the second largest employer after digital content, while advertising comes in fourth place in terms of both workforce and number of businesses.

Table 6.2: Business units and employment in Greater Manchester's creative industry sectors, 2003

SECTOR	NUMBER OF BUSINESS UNITS	TOTAL EMPLOYMENT
Advertising	571	4,470
Architecture	700	6,105
Arts and antiques	134	846
Design	337	2,927
Designer fashion	646	960
Digital content	1,698	10,171
Media (Film, video, radio and TV)	343	6,458
Music	205	3,783
Performing arts	199	2,258
Publishing (including literature)	295	4,883
Visual arts and crafts	383	3,205

Source: Adapted from NWRIU (2003: 1-2)

A further noteworthy feature of Table 6.2 is the apparently small size of most firms in all these sectors. The average is around 8 employees per firm, but in several cases the average is much lower than this, with designer fashion at the extreme with barely one worker per firm. Neither of the two case study sectors is characterised by such small firms as the latter: advertising has only slightly fewer than average employees per firm than the norm, while the media sector has twice as many as average. Firm size is an aspect that we will

return to below when assessing the relative importance of factors affecting their decision-making behaviour.

Table 6.3 takes the two sectors of the creative industries selected for this research and demonstrates their importance for Greater Manchester compared to other provincial conurbations and London. The location quotient measure used here compares these sectors' proportions of the city economies with the national average, such that a score of 1.00 means the same level as nationally. As can be seen and indeed as expected from previous studies, Greater London possesses a much stronger presence of both these sectors in its economy than the country as a whole. The proportion of London's employment accounted for by the film and TV sector is well over three times the national level and the proportion in advertising well over twice. By contrast, none of the location quotients for the five provincial conurbations manage to reach 1.00, but Greater Manchester stands out above the other four. Indeed, it is very close to the norm for advertising and only 28 per cent below it for film and TV, considerably ahead of the next highest ranked places (West Yorkshire's 0.60 for advertising and Tyne and Wear's 0.58 for film and TV).

Table 6.3: Location quotients for the selected creative industry sectors in six English conurbations benchmarked against the English average (= 1.00)

	FILM AND TV	ADVERTISING
Greater London	3.40	2.31
Greater Manchester	0.72	0.99
Merseyside	0.43	0.33
Tyne and Wear	0.58	0.46
West Midlands	0.56	0.59
West Yorkshire	0.53	0.60

Source: Own analysis of NOMIS data

6.4.2 The spatial distribution of the two selected sectors

As mentioned in Chapter 5, the main rationale for selecting advertising and film and TV as the two case study sectors was that they have rather different geographies in relation to their degree of spatial concentration in Greater Manchester and their location with respect to the centre/periphery dichotomy. This section presents the detailed evidence on this for

the two sectors and explores the scale and nature of their differences. The evidence is in the form of location quotients calculated at the local authority district and ward scales from the Annual Business Inquiry (ABI) data for 2005 extracted from NOMIS.

Table 6.4 shows the results for the 10 districts of the case study area, with the districts ranked in descending order of location quotient separately for the two sectors. There are two main features that mark out the film and TV sector as having a more centralized distribution than advertising. One is that the highest location quotient for the former is 2.38, indicating a presence that is getting on for two and a half times above the level expected from the average presence of this sector in Greater Manchester, whereas the highest score for advertising is rather lower at 2.10. Moreover, for film and TV, only one other district has a location quotient above 1.00, whereas two other districts have above average representation of advertising. The other distinguishing feature is that for advertising, unlike for film and TV, it is not the City of Manchester district that has the greatest relative presence of employment but Trafford. The film and television industry thus appears to be not only the more highly concentrated in its distribution across the case study area at this scale, but is also the more focused on the conurbation's main district.

Table 6.4: Location quotients for advertising for the unitary authorities contained in Greater Manchester benchmarked with Greater Manchester average in 2005

ADVERTISING			FILM AND TELEVISION		
RANK	UNITARY AUTHORITY	LOCATION QUOTIENT	RANK	UNITARY AUTHORITY	LOCATION QUOTIENT
1	Trafford	2.10	1	Manchester	2.38
2	Manchester	1.63	2	Trafford	1.06
3	Salford	1.20	3	Salford	0.62
4	Stockport	0.77	4	Stockport	0.55
5	Rochdale	0.67	5	Bury	0.47
6	Bury	0.59	6	Bolton	0.42
7	Wigan	0.36	7	Oldham	0.39
8	Tameside	0.32	8	Rochdale	0.32
9	Oldham	0.23	9	Tameside	0.28
10	Bolton	0.16	10	Wigan	0.28

Source: Own analysis of NOMIS data

The patterning of location quotients at the ward level across the case study area is rather more difficult to interpret. Figures 6.6 and 6.7 show, respectively, the patterns for the film

and television industry and advertising, with the most extreme concentrations being shown in the darkest shading, going up to a level of 4.00 and over, indicating a local proportion of employment in the sector that is at least four times the norm for Greater Manchester.

Figure 6.6: Ward-level mapping of location quotients for the film and television industry benchmarked against the Greater Manchester average, 2005

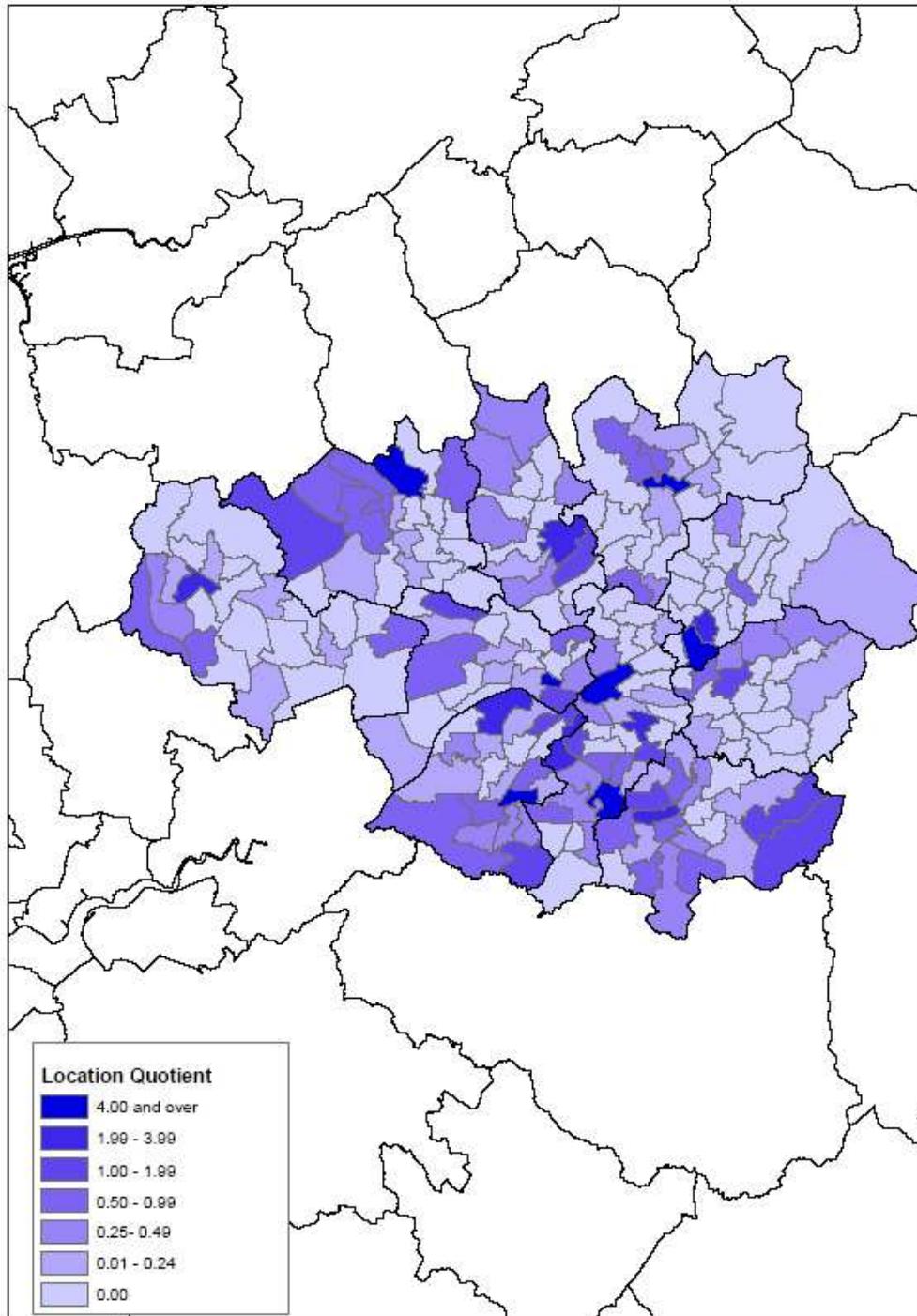
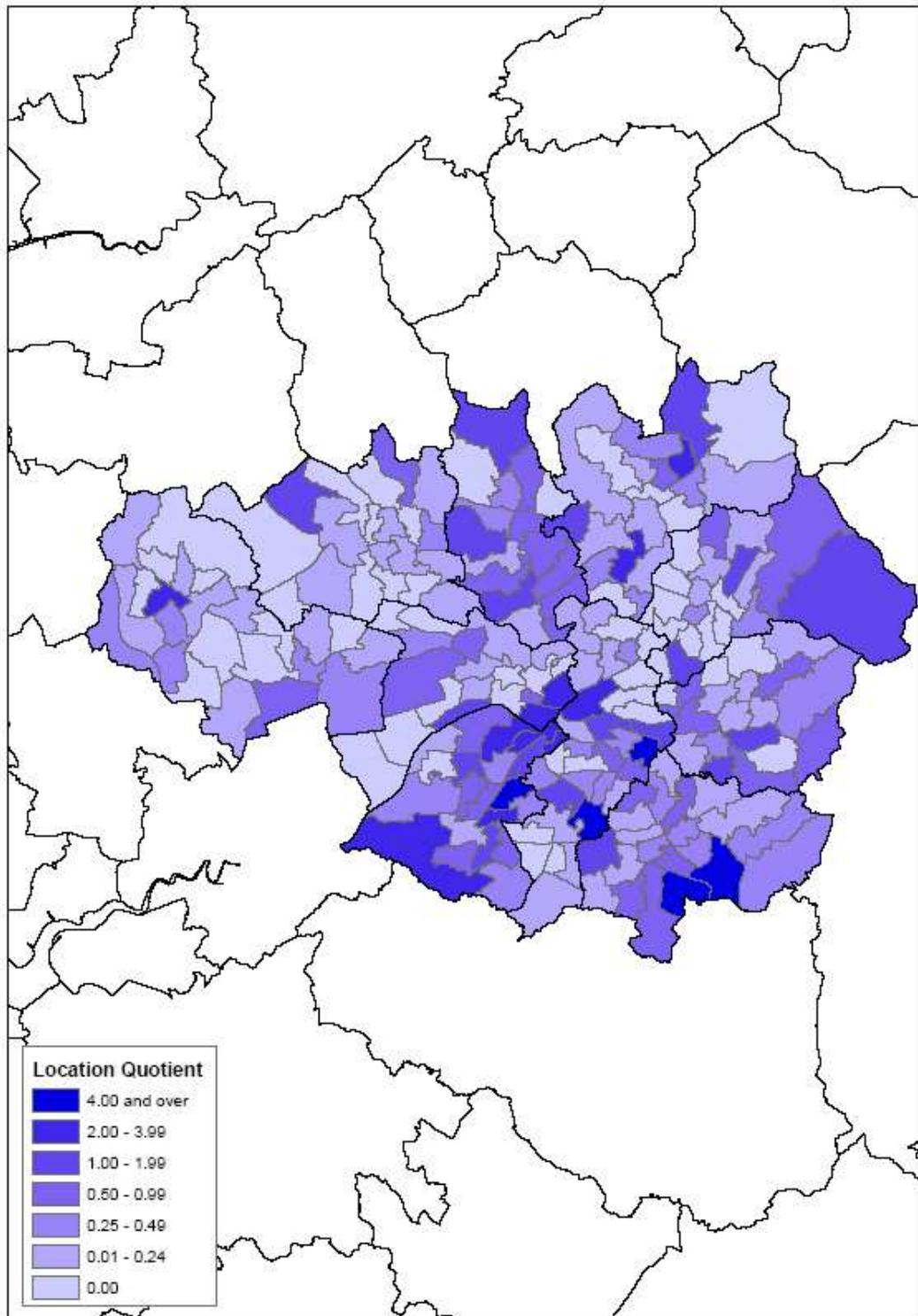


Figure 6.7: Ward-level mapping of location quotients for the advertising industry benchmarked against the Greater Manchester average, 2005



Nevertheless, comparison of the two patterns reveals a somewhat greater degree of local concentration for film and television, in that there appear to be fewer wards with high scores for that than is the case for advertising. In all, only 23 of Greater Manchester's 214 wards had a location quotient of 1.00 or over for employment in the film and television industry, compared to 32 for advertising. At the same time, there is a somewhat greater tendency for the wards with above-average representation of advertising (i.e. scores of over

1.00) to be found in the outer parts of the conurbation, especially at its northern and eastern fringes.

The full listing of the wards with location quotients greater than 1.00 can be found in Appendix 10. For advertising two of the wards with the highest level of representation are in Manchester district itself, but are situated in the south and east of the city rather than close to its centre, these being Gorton South and Didsbury with location quotients of 12.50 and 12.15 respectively. For film and TV, the top ward has an even higher of 18.75, indicating a very high level of clustering. This is for Langworthy ward in Salford, adjacent to the site being developed for MediaCity. There are also sizeable concentrations of film and TV in Manchester's wards, including the one in which most of the city centre is located.

The above account has laid stress on the differences in the distributions of the two chosen sectors across the case study area, this being primarily for the purposes of this study as described in Chapter 5. At the same time, however, it can be noted that the differences between the two are not that great, despite these being at the two extremes of the range of patterns found for the creative industry sectors explored in this geographical analysis. The overriding conclusion is that, consistent with the findings of the literature review, the creative industries all tend to be much more clustered spatially within the conurbation than economic activity in general. Given that the scores are derived from workplace-based data, it is the case that, according to Figures 6.6 and 6.7, there are considerable swathes of the case study area that apparently have no representation of firms operating in one or both of these two sectors, as signified by the zero scores.

The sectors that this study is concerned with are thus subject to a considerable degree of clustering, with most of the highest-scoring wards being separated from each other by bands of low-scoring wards. The corollary of this observation is that the high-scoring wards are not all grouped together in the centre of the conurbation. Even though at a broader geographical scale the three districts with the highest level of representation – Manchester, Salford and Trafford – do form a compact zone that includes the city centre, a fair proportion of the higher-scoring wards lie outside that zone.

This, then, is the context within which the main part of this study is seeking to identify the locational determinants of firms in these two creative industry sectors. In particular, how far do the firms situated within the heart of the conurbation differ in their characteristics

and preferences from those that are operating elsewhere in the case study area? To the extent that the more peripheral firms are located in a regional sub-centre of any size, how far has proximity to the latter been as important for them as proximity to the city centre has been for those that are centrally located? Is there anything that differentiates firms that lie in areas which do not seem to constitute a localised concentration? A first step to answering these sorts of questions is to analyse the standardised information provided by the 28 firms that were surveyed about their locational priorities. The next section reports on the results of this analysis as a prelude to probing in more detail the processes involved (see Chapters 7-9).

6.5 Relative importance of location factors for the two sectors

As explained in Chapter 5, part of the interviews with the sample of firms in the two sectors involved the participants identifying their top five out of a list of 18 location factors provided and then ranking them in order of importance. This task serves two purposes. Firstly it is intended to see whether the advertising firms possess a set of locational preferences that is significantly different from the film and television set. Secondly the aim is to identify the most important location factors to analyse in greater depth in the rest of the thesis report. Table 6.6 summarises the results of this work.

In terms of the overall picture for the two sectors combined (shown in bold in Table 6.6), three factors are head and shoulders above the others, with a large gap to the fourth and fifth most highly ranked factors and with no others outside these top five accounting for 6% or more of the total weighted mentions. Transport connectivity gained the highest proportion, with 20% of the combined total of weighted mentions. Second overall was place reputation which scored 14.3%. This was closely followed by the cost of land and property which scored 13.6%. The fourth most highly ranked factor was ambience, scoring 8.7% and fifth was access to markets, which scored 7.3% of the weighted mentions.

Comparing the scores of the two sectors (the figures not in bold in Table 6.6), a fair degree of consistency is found between them. Most notably, connectivity is top of the weighted mentions for both and the cost of property accounts for a similar share in both. But there are also some clear exceptions. Place reputation is less important for the film and television sector scoring 9.8% of the weighted mentions compared to 17.6% in the advertising sector.

Ambience, which like reputation can be linked to quality-of-place, was more highly ranked by the advertising sector with a proportion of mentions of 10.2% compared to 6.6% from the film and television sector. Access to markets was more highly preferred in the film and television sector, with a proportion of weighted mentions of 13.1% compared to 2.9% in advertising. The relative consistency helps to explain why both sectors are more concentrated on more central locations than all economic activity, while the differences can be considered as potential explanations of why this is less so for advertising than for film and television.

Table 6.5: Ranking of locational determinants by the 28 creative industry firms interviewed, based on weighted number of ‘top five’ mentions

LOCATIONAL DETERMINANTS	WEIGHTED NUMBER OF MENTIONS			WEIGHTED NUMBER AS % OF TOTAL		
	ADV	F&TV	BOTH	ADV	F&TV	BOTH
Transport connectivity	44	42	86	18.0	23.0	20.1
Place reputation	43	18	61	17.6	9.8	14.3
Cost of property/land	32	26	58	13.1	14.2	13.6
Ambience	25	12	37	10.2	6.6	8.7
Access to markets	7	24	31	2.9	13.1	7.3
Networks	10	15	25	4.1	8.2	5.9
Ancillary services	17	4	21	7.0	2.2	4.9
Parking	16	5	21	6.6	2.7	4.9
Labour pool	6	11	17	2.4	6.0	4.0
Flexibility of workspace	11	5	16	4.5	2.7	3.7
Technology	4	9	13	1.6	4.9	3.0
Arts and cultural infrastructure	8	4	12	3.3	2.2	2.8
Built environment	10	0	10	4.1	0.0	2.3
Housing	1	6	7	0.4	3.3	1.6
Specialist support services	6	1	7	2.5	0.5	1.6
Physical infrastructure	4	1	5	1.6	0.5	1.2
Crime	0	0	0	0.0	0.0	0.0
Total	244	183	427	100	100	100

Note: ADV Advertising; F&TV Film and television.

Source: Own analysis of firm interview schedules. The weight is based on the ranking given by respondents with the most important of the five factors being given a weight of 5 and the least a weight of 1.

In exploring the way in which these factors work in affecting the location patterns and decision making for the behaviour of the firms in the two sectors, it is clear that most attention needs to be given to the top three factors. These therefore form the organising principle for the remaining three chapters on empirical findings. They will each be assessed against the other two and against the others on the list insofar as they were volunteered by the interviewees in the more qualitative parts of their responses.

6.6 Conclusion

This first chapter of results has served mainly to situate the study within the context of Greater Manchester. The rationale for the choice of this urban area was outlined in Chapter 5, but further justification has been set out here. The city of Manchester lies at the core of a conurbation which, following deindustrialisation and the consequent severe unemployment and population loss, seems to have turned a corner in terms of population change and economic transformation. This upturn has focused, in part, on intensive regeneration in the core of the urban region and especially its city centre, using place marketing and flagship physical developments. The creative industries have played a key role in the economic resurgence of Greater Manchester and it is the area which, outside London, now possesses the most sizeable concentration of this activity.

Two sectors have been selected for detailed study, advertising and film and television, based on their differing spatial rationale. Whilst both were fairly highly concentrated in the core of the urban region, advertising was the rather more decentralised according to the workplace-based employment data extracted from NOMIS. Results were also presented from the quantifiable part of the interviews with 28 firms on the factors influencing location choices.

The top three determinants of location form the organising principle for the three remaining chapters of empirical findings. Chapter 7 explores the cost of workspace, Chapter 8 focuses on place reputation and the influence of a range of factors related to quality-of-place and Chapter 9 examines transport connectivity and the ways in which communication impacted on location decisions. Their findings are then brought together in an integrated account of the spatial rationale of this sample of Greater Manchester's

creative industry firms in Chapter 10, and an attempt is made to draw out the wider implications of the findings.

7 Spaces for creative production

7.1 Introduction

This chapter explores the way in which availability and cost of business premises affect the location decisions of creative industry firms. The chapter explores the results of the 28 semi-structured interviews with firm directors from the advertising and film and television sectors. The data is examined to see whether the cost, nature and availability of business premises had encouraged them to locate in central or more peripheral sites. Information gathered from the 18 additional interviews conducted with policy makers, workspace managers, industry professionals and stakeholders with local knowledge of creative industries in Greater Manchester is used to present the context for particular areas and aid the interpretation of the firms' responses.

Several factors associated with spaces for creative production were hypothesised in Chapter 4 to be likely to influence firm location. Then, in Chapter 6, the cost of business premises emerged as a key aspect determining the location preferences of firms from both creative industry sectors. As shown in Table 7.1, it was the third most important factor overall, scoring 58 weighted mentions for both sectors and accounting for 13.6% of the total weighted responses. The two sectors were fairly evenly affected by business premises cost, with a proportion of weighted mentions of 13.1% for advertising and 14.2% for film and television. As one participant, whose company produced films for museums, summed up, *“Cost is huge consideration, particularly if you’re trying to do things away from the commercial mainstream. If you’re floating your boat down strange rivers, you don’t want to be landed with overheads that you can’t meet”* (Director, production company, Chapel Street, Salford).

Two of the other factors can also be related to the appeal and utility of the space available: built environment and flexibility of business premises. These were less influential with flexibility of business premises making up 3.7% of the weighted responses and built environment 2.3%. The importance of built environment was felt solely by the advertising sector, at least in terms of the firms' top five rankings of location factors.

Table 7.1: Determinants of location relating to space

FACTOR	WEIGHTED NUMBER OF MENTIONS			WEIGHTED % OF TOTAL MENTIONS		
	A	F&TV	Both	A	F&TV	Both
Cost of land/property	32	26	58	13.1	14.2	13.6
Flexibility of space	11	5	16	4.5	2.7	3.7
Built environment	10	0	10	4.1	0.0	2.3

Source: Table 6.6

As Table 7.2 highlights the determinants associated with space may influence location in both the centre and the periphery. These were developed from the literature reviewed in Chapter 4.

Table 7.2: Factors associated with space influencing firm location in central or more peripheral locations

FACTOR	ENCOURAGING CENTRAL LOCATION	ENCOURAGING DECENTRALISATION
Cost of property/land	Greater availability of suitable space	Cheaper property to buy/rent Gentrification and displacement
Built environment	Adaptable buildings Design Features Landmarks Cultural Quarters	Low cost space allows aesthetic to be added
Flexibility of space	Flexible leasing	Larger premises

Source: Own analysis

The structure of the rest of this chapter is as follows. Section 7.2 introduces urban location theory to set out a picture of what a stylised model of land use might look like. Section 7.3 examines the rationale for firms' continued location in the centre of Manchester, despite high costs and congestion. The section then reviews the empirical findings in relation to theories of colonisation of cheap space by creative entrepreneurs and focuses on the example of the Northern Quarter in Manchester, an area colonised by creative businesses from the 1980s onwards. Section 7.4 turns to the reasons leading to firms locating in more peripheral areas. It is posited that a range of opportunities relating to business premises attracted firms to more decentralised locations. Section 7.5 explores the way in which the agency of firms might be constrained and looks at the ways in which inertia, path

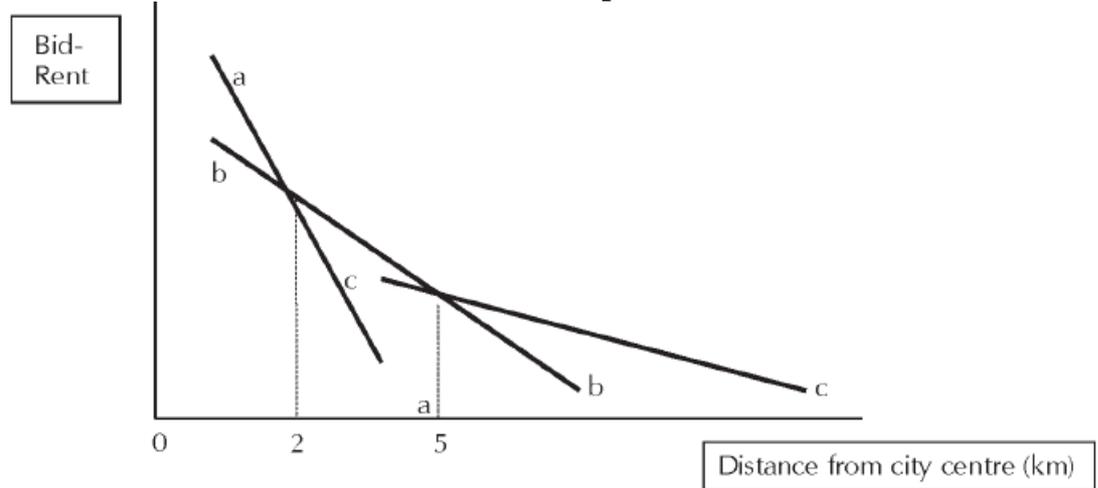
dependency and moving costs may help understand the current locations of creative industry firms.

7.2 The influence of space in firm location

Historically, creative industries have clustered in areas experiencing decline, in the city centre fringe and nearby inner city areas, attracted by cheap space. Creative entrepreneurs have often been considered a powerful force in regenerating neighbourhoods, but face issues of displacement most classically discussed by Zukin in her influential work commenting on the situation in New York (1988). A cycle can be identified, arguably virtuous or vicious, of the colonisation of cheap empty space and the rebirth of the areas as creative centres with varied leisure opportunities, followed by the rise of property prices, gentrification and possible displacement. The negative effects of this displacement process have been well documented in large centres such as New York or London (Zukin, 1988; Hutton, 2004), but less is known about smaller regional conurbations where city-centre regeneration has occurred more recently. This has become relevant in formerly industrial UK cities with the recent boom in physical urban regeneration and expansion in city-centre residential developments (Unsworth, 2007). In order to elaborate further, the chapter turns to explore urban location theory, as one possible way of giving a rationale for the spatial patterning of industrial location.

Neo-classical urban location theory explores rational patterns of land use. It suggests that land is used to its highest and best use when determined by the price mechanism. Alonso's urban location theory, developed in the 1960s, set out a model where rents diminish further out from city centre offsetting the higher costs of operating and lower level of revenue, as can be seen in Figure 7.1 (Balchin, Bull and Kieve, 1995). The CBD offers high accessibility and the corollary of lower transportation costs, which heighten demand compared to more peripheral areas which have a lower level of accessibility. Balchin, Bull and Kieve (1995: 51) set out the behaviour of a perfect model of urban location:

Competitive bidding between perfectly informed developers and users of land would determine the pattern of rents throughout the urban area and would allocate specific sites between users to ensure that the 'highest' and 'best' use obtained - that is, land would be used in the most appropriate way to ensure the maximisation of profit.

Figure 7.1: Alonso's bid-rent distance relationship

Source: Balchin, Bull and Kieve (1995)

In reality, however, it is unlikely that land will be used to its optimal use. In particular, the role of inertia prevents most firms from locating in the site that is most rational for current activities. This tends to result in the pursuit of a “satisfactory rather than ideal location” (Balchin, Bull and Kieve, 1995: 56). Moreover, the information available to developers also tends to be incomplete, preventing the optimal development of sites. Finally, the uses of land are not homogenous and there is likely to be spillover between uses as well as the fact that buildings possess distinctive natures and uses. The theory also fails to take account of public-sector land (Balchin, Bull and Kieve, 1995). Thus it is likely that supply and demand do not always equate (Adams et al, 1993).

Nonetheless, this model provides a useful theoretical way of looking at land uses. Urban location theory would suggest that firms of different size, activity and function would be differently affected by the property market. Prices and rents of land do tend to reduce with distance from the centre. Revenue and wages tend to be higher in the centre, as the personal costs of commuting have to be offset. Transport costs are equated with access so peripheral sites of employment tend to be located adjacent to transport nodes. This has implications for the relative advantages offered by the core or periphery to firms of different types. Specialised functions and activities serving the urban market are likely to be advantaged by location in the centre and benefit from complementarities. Those firms requiring large sites and hoping to access economies associated with disagglomeration, for example reduced congestion, are more likely to be attracted to areas outside the centre (Balchin, Bull and Kieve, 1995).

Across most of the sectors making up the creative industries, there has been a process of fragmentation and consolidation associated with industry and also rapid technological change leading to the vertical integration and merging of firms (Frontier Economics, 2006). Whilst this has resulted in the proliferation of small firms, it has also meant that there are some very large conglomerates with a corresponding requirement for large spaces. Overall, firms within the sector tend to be small and agile, operating within networks of activity to help offset the high risks associated with the sector (Rantisi et al, 2006; Scott, 2004). The sector is characterised by small and independent firms and by sole trader and freelance activity (Frontier Economics, 2006). Small firms, due to lack of finance, usually cannot take a long term view of their property needs and are under pressure to trim expenditure to meet their immediate needs. Small firms' property needs are often volatile, changing rapidly depending on the commercial success or failure of the business (Fothergill, Monk, Perry, 1987). Outlying business areas may also offer lower cost space, therefore reducing risk and avoiding the congestion of more central areas. This is also likely to be a priority for young firms and start ups.

Section 7.3 explores how cost of business premises influenced the participants who had selected a central location, before section 7.4 goes on to review the development of creative milieus historically in Greater Manchester.

7.3 Evidence of a city centre preference?

There was evidence of a continued privileging of the city centre amongst respondents, which enabled them to access a range of advantages. Those firms interviewed who remained in the centre shared certain characteristics. They tended to be of medium size with between 10 and 40 employees. They had often been located in the same premises for a significant length of time and were well established: all had been trading for upwards of five years, some significantly longer, with at least 15 years of operation in Manchester City Centre or immediately adjacent areas. They tended to be specialised in their activities and often had high profile clients. A prestige location, associated with higher rents, was seen to be required to attract both clients and suitably skilled staff.

In terms of business premises provision, one advantage of central locations was linked to the availability of space with flexible leasing terms. One particular company director who

had located her firm more recently in the Northern Quarter (around a year and a half ago) noted that, despite aspiring to work in a more decentralised suburban location in line with her residential preferences, the lack of properties with suitable tenure arrangements encouraged her, along with existing networks, to move into Manchester City Centre: “*We weren’t necessarily looking to move into Manchester. When we set up, we’d worked for big blue chips. We’d both done commuting. We’d both worked long hours... We didn’t want to commute any longer. That’s why we worked from home to begin with and initially, as we live in Sale, we were looking for an office in Sale, but there weren’t any suitable. They all wanted very long lease terms, like 15 years which is hard to commit to when there’s only three of you. So we didn’t go into Sale, but we weren’t considering Manchester because of the commute, but we work with the PR company here and they had this space that they weren’t utilising, they offered us to come and work with them in here. So it gave us the platform to say ‘ok yeah we will go into Manchester’, but not with stupidly high rents or long lease terms. Also sharing a creative space with another creative agency, with other creative thinkers, we thought would be good for our two creative guys. It is of benefit. We do have a lot of clients in town*” (Director, advertising agency, Northern Quarter).

Flexibility in terms of tenure was seen as a key advantage in areas with a history of creative production. Participants described the problems of even thinking about a five-year horizon, never mind 10 to 15 years. As the Director of an advertising agency based in the Northern Quarter said, “*We’re not big, comparable agencies would be absolutely driven first by the costs and secondly by the leasing terms. No one’s going to sign a 10 year lease in this business*”.

Firms based in the centre tended not to have large requirements for space in terms of their activities. They were all offices, with desk-based activities or with production facilities. For the larger firms, in terms of staff numbers, it was suggested that larger office spaces were available in the city centre. A couple of advertising firms currently based in the fairly affluent suburban decentralised areas of Didsbury and Altrincham felt that they may have to move into the centre to access larger office space. This was also mentioned by a respondent in the Northern Quarter: “*Northern Quarter has tended to be start-ups who really couldn’t afford to move anywhere else, so it’s been quite a nice organic process that the area has then become quite trendy, without using the word trendy. Again once an agency gets a bit more serious or again starts to employ above 50 or even 30 people, then... people would have to move into the city centre*” (Creative Director, advertising agency, Northern Quarter).

For the production firms engaged in broadcast work within the film and TV sector, proximity to the BBC or Granada was seen as advantage as well as the closeness of post-production facilities.

7.3.1 The development of a creative milieu

A creative milieu may be formed by the cultural diversity and opportunities for interaction offered by cities. Intensive networks, social and cultural, which contribute to the buzz of urban areas and serendipitous meeting, are often associated with particular localities. Creative industry development is historically found in marginal spaces such as the inner city (Hutton, 2006). Markusen (2006) notes that artists, in particular, tend to gravitate towards transitional neighbourhoods, often inner cities, more than other groups. Rantisi et al (2006) suggest that property rents can support or suppress creativity, especially in urban areas. Underlying this is the idea that cheap space and corresponding cultural diversity are vital ingredients for developing creative businesses. Low cost space offers opportunities for flexibility and grow-on space, which is especially important in high risk, undercapitalised industries.

This section reviews the concept of the development of a creative milieu through the process of colonisation. The example of the Northern Quarter is used to illustrate this process. This is an area which was colonised by creative businesses during the late 1980s and early 1990s and has recently experienced a growth in residential development. Six of the interview participants from the advertising sector were based in the Northern Quarter. Further secondary data from local reports and academic literature were employed to help place the area in its historical context. A brief history of the area is presented with reference to this secondary data. This account is also informed by empirical data collected from a Policy Officer active in the area and from an academic who studied the area in the early 1990s, along with the interviews with creative entrepreneurs. It is suggested that the process undergone in the Northern Quarter has similarities with the waves of gentrification suggested by Cameron and Coaffee (2005). The importance of cheap space in the colonisation of this area is emphasised.

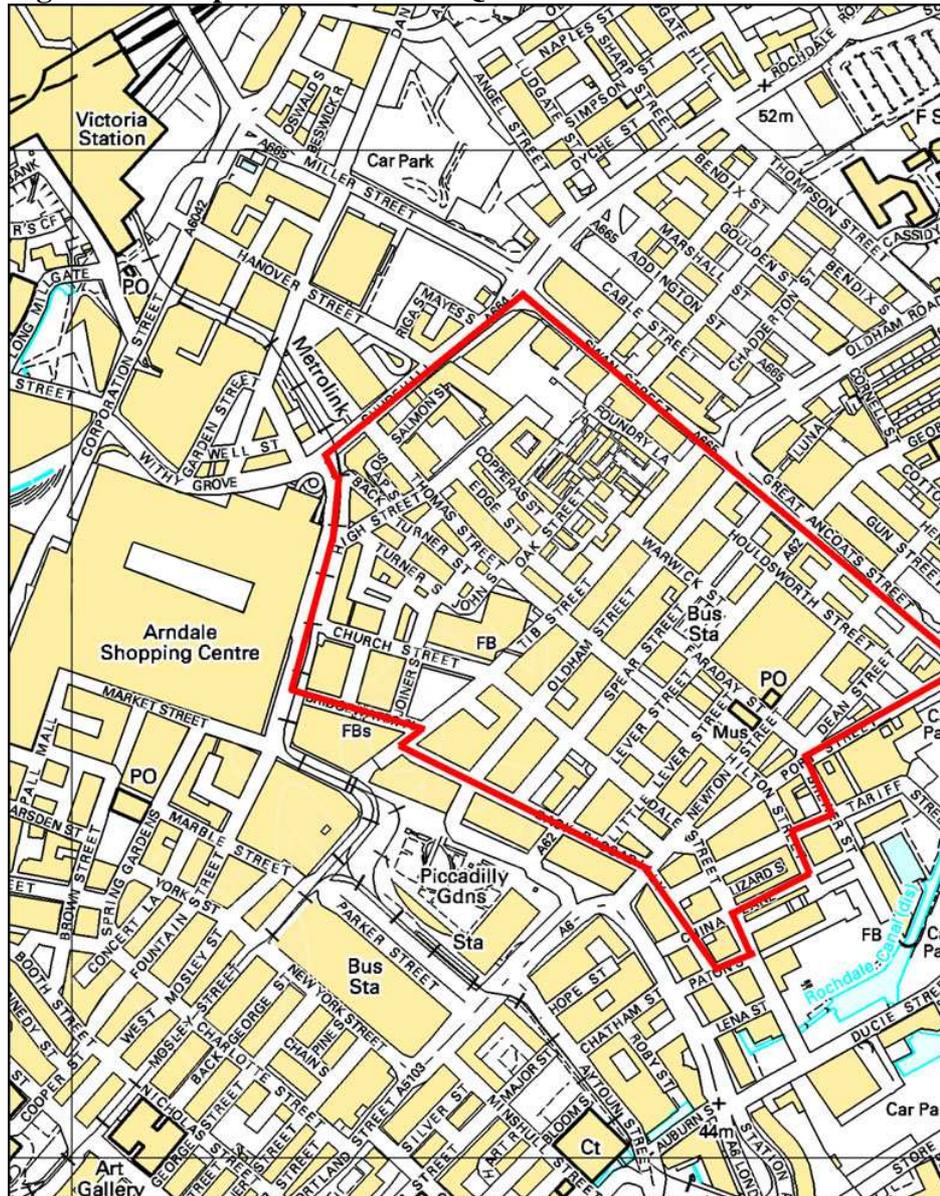
7.3.2 Spaces of creative production in the Northern Quarter

Given the pace of the development over the past ten years, there isn't those central locations like the Northern Quarter left. It's not obvious where someone could relocate for the same price or rental level (Policy Officer, Manchester City Council).

The Northern Quarter lies to the north east of the city centre shopping area near the Arndale Centre (See Figure 7.2 and also Figure 6.3 for wider context). Traditionally the focus of market activities, both food and flower, the area was a hub of activity from the 18th century onwards. The area also contained department stores, including Affleck and Browns and Lomas as well as a Marks and Spencer's and Woolworths, all on Oldham Street, as well as other chain retailers and shops often tied to the textile and clothing trade. There is also a collection of bars and eating places.

During the post-war period the area began to deteriorate due to the decline of the textiles industry and the relocation of the Smithfield market to Openshaw²¹ in 1974. This was further compounded by the opening of the Arndale Centre in 1975 on Market Street to the west of the area, which led to the relocation of a number of department stores out of the area and created a physical barrier to the area. The residential population of neighbouring Ancoats was moved to new more peripheral housing estates which "took away the lifeblood of that area and left it empty and under-valued" (Researcher, Manchester Metropolitan University). Despite decline during the 1970s and 1980s, the plethora of vacant property did attract new businesses into the area in the late 1980s. Many of these were small creative industry firms alongside independent fashion and music retailers, and bars, nightclubs and cafes. The 'devalued' inner city area attracted a wide variety of cultural entrepreneurs. One respondent described his view of the process: "*Where you create cheap rent you get cultural diversity, it's quite simple. You get people that are prepared to take risks, small businesses, the artists, the photographers and stuff that don't need massive overheads. You get a variety of cultures* (Creative Director, advertising agency, Northern Quarter).

²¹ Openshaw lies about two miles east of Manchester city centre

Figure 7.2: Map of the Northern Quarter

Source: Digimap

One well established site of counter-cultural consumption is Afflecks Palace, shown in Figure 7.3, which houses mainly independent second-hand and fashion clothing and accessories retailers. This building became vacant and was converted into low-cost rental units in 1982. Tom Bloxham, the founder of Urban Splash²², was one early tenant selling graphic design T Shirts from a retail unit there. This process of development was linked to expansions in the club scene during the 1980s in Manchester and the growth of the ‘youth

²² Urban Splash is an urban renewal property development company set up in 1993 which regenerates industrial warehouses, mills, Victorian terraced houses and other buildings, into modern housing, apartments and penthouses, as well as constructing new build developments. They are mainly based in the cities of Northern England cities such as Manchester, Bradford and Liverpool.

cultural' scene in the area (O'Connor and Wynne, 1996). As the researcher described, *“There were certain things about the Northern Quarter that made it useful space. First of all nobody else was that bothered about it, but it was in the city centre and it has really good spaces for bars and clubs and band rehearsal. I mean it was very much on the back of what happened in the 70s and 80s in terms of music and club culture. So things like Joy Division and New Order and Happy Mondays and all the club culture was very much linked to the decaying urban industrial space of Manchester. That was an ideal backdrop. It seemed fitting that the Northern Quarter attracted people interested in Manchester’s pop culture (Researcher, Manchester Metropolitan University).*

Figure 7.3: Afflecks Palace



Source: Photo © N. Thomason (Ministry) Used with Permission

As this quote suggests, cheap space drew in cultural entrepreneurs during this time, but the area was also becoming valued for its image and association with youth and popular culture. Allen (2007) suggests that organic entrepreneurs, mainly small-scale and first-time or part-time property developers, stimulated the initial development of city centre living in Manchester, as well as commercial colonisation, and that they identified the potential for

private-sector renewal through “their experience of, and familiarity with, counter-cultural spaces in the city” (2007: 669). He suggests that the return to the centre was stimulated by forms of counter-cultural production and consumption before city council took its “entrepreneurial turn” (2007: 670).

Value was also provided by the physical landscape of the area with a wide diversity amongst the building types in the area. There are terraced townhouses from the late 1700s, Victorian and Edwardian industrial buildings and warehousing and large scale former market buildings (Manchester City Council, 2003). This distinctive architecture has been seen as an advantage in the regeneration process. Building types within the inner city, including former industrial spaces and warehousing, are often considered suitable for adaptation into flexible work and living space. These areas tend to possess landmarks with a strong sense of history, again contributing to the image and identity of the area (Hutton, 2006). This chimes with international examples like Yaletown and Victory Square in Vancouver where the new economy emerged from inner city areas, which have suffered the post-war decline reflecting structural changes in economy (Barnes and Hutton, 2009). They explain, in the case of Vancouver, “the legacy of the city’s staple economy, evident in the adaptive reuse of former processing, warehousing and distribution infrastructure for new industries”, which demonstrates the importance of local contingency in shaping the spatial organisation of the sector (2009: 1266). As the Creative Director of an advertising agency based in the Northern Quarter explained, “*It’s natural instinct for a creative, visual industry to seek that sort of environment because they’ve got an understanding of design. Quite possibly there may still be something in the idea that the older properties are cheaper. So you get a bit of both, harmony*”.

Parallels with the area have been drawn with New York and part of the Northern Quarter’s High Street was even used as the set for the 2003 remake of *Alfie* to represent the New York garment district. The area was described as “*shabby chic*” (Director, advertising agency, Northern Quarter), but firms had often invested significantly in presenting a strong aesthetic inside the offices. As the Creative Director of an advertising agency based in the area noted, “*We had to do quite a lot of work, spend a bit of our own money making it look presentable*”.

By 1993, 27% of the floor space in the area was vacant, with gap sites and buildings in poor repair and by 1991 only 345 people were living in the area (Montgomery, 2007). The city council had become concerned at this time by the area’s failure to regenerate. In 1993,

the Eastside Association was formed by businesses within the area who were lobbying for improvements and a development strategy was put in place with Manchester City Council. A study was commissioned to try and identify the possible development priorities for the area. The recommendations of the 1995 report included trying to grow the number of creative businesses, alternative shopping and evening economy, alongside the fashion wholesale businesses. The Eastside Association was renamed the Northern Quarter Association. Attracting investment into the area was regarded as the main way of achieving the recommendations (McCarthy, 2005) and a number of schemes utilising grants and planning controls were put in place to achieve this. In 2000, the Creative Industries Development Service (CIDS) was established and based in the Northern Quarter to offer support to creative businesses in Greater Manchester.

The Northern Quarter Development Framework, published in 2003, estimated that there were 610 businesses in the Northern Quarter with around 105 creative industry firms employing 700 staff. These included commercial creative industries, such as advertising, designers, architects and also 'semi-commercial' firms such as artists in studios and subsidised creative enterprises. Further to this, there were an estimated 110 retail or leisure outlets (many independently owned and catering to niche markets) and around 180 textiles firms employing more than 1000 staff (Manchester City Council, 2003). The report claimed that "the individuality of the N4 remains- it's not currently a 'corporate' location, a place for large firms or for retail or leisure chains. It is a place for the independent sector, where residents of Manchester can buy high quality, unusual products and soak up the atmosphere of a truly 'working quarter'" (Manchester City Council, 2003:1).

It was an explicit aim of the Northern Quarter Development Framework to avoid undermining the level of affordable business space available to creative industries and also the independent retailers and leisure facilities. There are plans underway to develop The Hive, a 78,000 sq foot area of creative business premises on Stephenson Square with the developer Argent. The anchor tenant for this development is the Arts Council, but there will also be a considerable amount of spaces of different size and tenure. A Policy Officer from Manchester City Council with a Northern Quarter remit said that the only way to unlock some of the buildings in poor repair was to include some residential allowance. However, he maintained that there was an effort made to intervene and encourage developers to tailor their space to creative business premises: "*So what we aim to do at a preplanning stage is to actually highlight some of the different options they have in terms of perhaps being a bit less conventional when it comes to either configuring the space,*

levels of fit out and types of lease arrangement. In some cases those suggestions get taken up” (Policy Officer, Manchester City Council).

There have been significant expansions in residential developments in the Northern Quarter since the late 1990s with many high-end apartment developments. There have been rent increases associated with this gentrification process (McCarthy, 2005). The Policy Officer from Manchester City Council estimated that the residential population had probably doubled in the last five years. As discussed in Chapter 6, Manchester’s city-centre population grew by nearly 300% between 1991 and 2001 (Nathan and Urwin, 2006: 1). Prior to this, the developments had been fairly small, around 10-15 apartments each, but more recently the developments have become larger. This expansion in residential developments was identified as a problem by the interview participants. The Director of an advertising agency based in the Northern Quarter explained the problem as he saw it, *“In Manchester residential developers are squeezing in on the ‘cheap’ space by converting them into flats. A huge fire in the Northern Quarter, the fault of another flat development firm, displaced 35/40 companies”*.

With regards to access to business premises, many of the participants based in the area suggested that property speculation was causing a shortage in affordable business premises. Vacant space could not be accessed as business premises due to landowners waiting for residential developers to buy up their properties at high prices. Building owners would stand to get a much bigger return from a residential conversion than through letting business space. Participants reported problems of accessing grow-on space in the area: *“My company, at the moment a reasonable sized agency, 30-40 staff, are now looking for new premises, same problem on a different scale. They want to stay up this end, but there isn’t anywhere at all that is affordable. There’s nothing reasonably priced, so we’re looking for somewhere in the city centre to move to. The land has just been bought for developing into apartments”* (Creative Director, advertising agency, Northern Quarter).

Residential development had also led to increased tensions between different users, for example between the night-time economy and residents. As noted by the Researcher from Manchester Metropolitan University, this anticipation of property redevelopment can encourage speculation and damage the ‘natural’ evolutionary model by reducing the amount of spaces available for creative industry activity: *“You can see that happening in the Northern Quarter. You can see the property speculation going on, a lot of landlords hanging onto buildings not doing anything with them, but just waiting and waiting for*

some developer to come along and buy it off them for sky high prices. Lots of people who aren't in the cultural industries are moving there because they like the atmosphere and the ambience, but then they don't like it that much so they get annoyed when revellers are making a noise on the street".

This can be related to the idea that there are waves of colonisation and possible gentrification as suggested by Cameron and Coaffee (2005). The first wave of colonisation is led by artists rich in 'cultural capital'. In the 1980s in the Northern Quarter artists and cultural entrepreneurs brought cultural capital to the area, which have been previously undervalued and suffered the consequences of the outward movement of financial capital. In Northern British cities, this undervaluing is associated with deindustrialisation. It is suggested that a 'rent gap' emerged and 'potential value capital' moved back in attracted by these low prices and rents (O'Connor and Wynne, 1996:). This is part of a process which "involves an aesthetic revalorization of the urban fabric of decayed historical neighbourhoods" (Cameron and Coaffee, 2005: 40).

The second wave suggested by Cameron and Coaffee (2005) involves a process of residential gentrification by the middle classes where capital follows the artists into gentrified locations. After the initial colonisation by cultural entrepreneurs with high cultural and low economic capital, it is suggested that in the second wave those with high economic capital replace them, leading to what some see as the commodification of artistic milieu by property and investment capital (Cameron and Coaffee, 2005). These processes were clearly identifiable within the Northern Quarter where huge expansions in residential development were seen by the sample to be gentrifying the area and squeezing the spaces of creative production. It is maintained that this process may be paradoxical as it commodifies culture and reduces authenticity and is also likely to result in displacement (Ley, 2003; Zukin, 1988). As Pratt (2008a: 111) suggests "Consumption-based regeneration is corrosive to production-based versions".

Finally, Cameron and Coaffee (2005) suggest that, following the early 1990s recession, there has been a third wave which constitutes a capital and public-sector-led process of extensive regeneration and development. Creative residents, in this way, are often touted as a powerful force to regenerate neighbourhoods, but can be displaced by rising property prices. In the UK this process can be tied to an explicit desire to encourage increased city living and encourage an urban renaissance (Cameron and Coaffee, 2005). There has certainly been a reasonably long history of involvement and regeneration efforts in the

Northern Quarter, but the area remains marginal and edgy, with a concentration of sex shops, wholesale clothing warehouses, tattoo parlours and take away food establishments. The textile industry remains despite previous gradual relocation. Thus there continues to be a diversity of uses in the area. It is suggested that this aggressive gentrification has not occurred in the area, despite expansions in the residential population and the associated problems of this.

Nevertheless, the firms interviewed in the Northern Quarter were well established, often with a long history of settlement in the area. It was suggested by these participants that newly formed firms and younger cultural entrepreneurs would be unlikely to be able to access and afford space in the area. There was a degree of scepticism towards policy intervention as the development of creative industry business premises was seen as only affordable by established firms. Allowing the expansion in residential property deemed necessary to unlock these sites for development meant that public-sector intervention was regarded as encroaching upon cheap spaces. This chimes with Pratt's recent work, which identified a process of industrial gentrification where a change from industrial-industrial uses or industrial-residential uses occurs. As Pratt (2009: 1052) argues "the narrative of 'commercial or industrial gentrification' may not be one of forcing out, but of willing flight; clearly, there are still conflicts of interest between artists and property developers and tensions between use value and exchange value". The evidence from this study suggests that only larger and more established firms are able to take up a city centre location.

There was evidence of displacement from other areas of central Manchester. A number of areas were affected by rising property prices in the city centre. The Gay Village is a well-known example of an area, which had gone through a similar process in the past as in the Northern Quarter, though slightly more associated with leisure and night time amenities, but again with its origins in sites of counter-cultural consumption. As one respondent, who had worked within advertising firms in central Manchester for the past 25 years explained, "*The original gay village was a red light area in Manchester, the Canal. Early 70s there were a lot of disused warehouses on the Canal that were all part of the cotton industry boom, that ran their course and as the industry died out the warehousing became available. A lot of them were still used for fabric manufacturing. You could get some really, really cheap rent in quite key locations, but the area was a bit dodgy. Our first studio was in a building in what became the gay village, but was still the red light area. There were photographers in there, design companies, clothing designers and all kinds of*

people. What you get is developers seeing it as a cultural area, move in, shove the rents up, develop it as a cultural area, and move the creative industries elsewhere. That's happened two or three times" (Creative Director, advertising agency, Northern Quarter).

The gentrification of these gay spaces can be broadly linked to gay culture becoming more mainstream during the 1990s. In Manchester this, in part, led to the "transformation of its spaces from 'marginal' backstreet, seedy venues to the new liminal, public spaces that celebrate diverse post-modern architectural aesthetics" (Ryan and Fitzpatrick, 1996: 176). There has been a trend towards corporatisation of gay bars within the Canal Street area as larger businesses recognised the profitability of the market. Gay areas have been recognised as vulnerable to gentrification, as in the US with Castro in San Francisco or Greenwich Village in New York (Chatterton and Hollands, 2003:). Other areas close to Manchester City Centre such as Ancoats, just to the east of the Northern Quarter, and North Trafford, to the west, were also negatively affected by expansions in the residential population, according to several interview participants. One respondent described a knock-on effect of this as the reduction in space for suppliers such as photography studios in the centre: "*Photographic studios are getting harder to find. Now they are being squeezed out of the market. They used to have these fabulous old warehouses, you know, like down in Ancoats where there were these dilapidated buildings that were cheap as chips so you could have huge amounts of space where you could drive in. You could get cars and trucks in there and get big sets built and stuff like that and of course all that's now becoming des res so that is an area that has been badly hit property wise, because they can't get cheap space anymore in town and that was really handy and it is more of a pain to find good studio space if you need studio space"* (Managing Director, advertising agency, Manchester City Centre). This again is in line with Pratt's discussion of the impact of urban regeneration on creative businesses in Hoxton in London. As he explains, "What wins out is money, which...is increasingly focused on consumption and hence, to an extent, parasitic of the new creativity that has characterised Hoxton" (Pratt, 2009: 1053).

The study found that, due to the expansion of city-centre developments and the boom in city living, some creative businesses have located further from the city centre due to reduced opportunities to access low-cost space in traditional areas of creative concentration like the Northern Quarter. Six participants were based around the Chapel Street²³ area of Salford on to the western edge of Manchester City Centre. They had all located there

²³ Please see Figure 6.3 for the location of Chapel Street

within the past seven years and most within the past one or two. They were all small firms with a maximum of five full-time employees. The area is within walking distance of the city centre, but it lacks some of the obvious advantages of the Northern Quarter and other areas that are closer to the city centre, particularly in terms of amenities and vibrancy. The area was also significantly further from key public transport nodes. A couple of the participants also noted that the area was not safe for walking around in after dark and there were clear signs of dereliction.

Five of the six respondents based in this area were located in managed workspace. One participant, the director of a video production company, was based in a managed workspace in the International Media Centre at the University of Salford. Four were based in a managed workspace founded in a converted cotton spinning mill. The owner who purchased the mill in 2001 and managed it was also interviewed. The sixth participant, the Director of a production and post-production company, who had moved from a location proximate to the BBC to this area to purchase a space, told me: *“Price was the first thing and also location wise we’re pretty well still 10 minutes from the centre of town walking, but I was able to buy a building for a fraction of the cost of what I’d have to pay in town”*.

The participants based in this area, although fairly close to Manchester City Centre, shared attributes with the firms who had located in more peripheral, decentralised locations. As discussed in Chapter 5, these firms had originally been classified as ‘central’ but the evidence of the participants from there prompted their reclassification. The level of disconnection with the city centre and the lack of amenities and assets in the immediate area meant that larger, more established and highly specialised commercial firms would be unlikely to locate in this area. Those firms which had taken up residence in areas like Chapel Street because of being unable to access central locations were not able to benefit from the infrastructural advantages of the centre.

Historically, firms had been attracted to the centre of Manchester by a range of factors. The availability of cheap space in areas close to the city centre had been a crucial part of this colonisation process. The building types and growing reputation of these areas for counter-cultural consumption has contributed to the appeal for the location of creative industry firms. However, the processes of residential and commercial gentrification had negatively affected the opportunities of new firms to locate in the centre. This begs the question of where nascent firms which have a creative profile and are keen to orientate themselves towards commercial growth can now find suitable premises.

7.4 Attracted to the periphery by opportunities rather than forced out?

This section reviews the evidence that supports the view that creative businesses have located in more peripheral locations in order to access a range of opportunities related to business premises. The results of the empirical data suggest that advantages of the lower cost locations related to the flexibility of space and opportunities to purchase property. Further to this, access to managed workspace also guided this location.

7.4.1 Flexible spaces

As highlighted in section 7.2, the cost of business premises was considered by firms to be one of the most important determinants. Low costs were highly ranked by considerations regarding location for those firms located in decentralised sites. A lower-cost location could also offer more flexibility as this meant that a larger space could be rented or purchased. Low-cost space made it easier for firms to expand or contract depending on their current and future business needs. One respondent explained the importance of flexibility to a young firm such as theirs: *“We’re a new business. We didn’t have any cash in the bank, but my business partner wanted to invest in a property that could be our agency headquarters. So he is our landlord as well as a partner in the business. He purchased the property so the cost was very important to him. It needed to be flexible... We had a plan, but you never know how the plan’s going to pan out or the reality is going to pan out. We felt it should be a decent home if we were five or six of us, but equally should be able to house growth up to 30 staff”* (Director, advertising agency, Altrincham).

Firms requiring a large space due to the nature of their activities had often decentralised. In the research this was found to be the case for certain firms within the film and television sector, for example facilities firms who needed to store kit and equipment and also firms providing studio space. The priorities for these firms were proximity to motorways for transporting kit or for access for clients carrying kit. The Director of CIDS described the significance of the nature of firm activities for business premises choice: *“If they do need*

larger spaces to use a studio and so on, they are more likely to locate somewhere that's cheaper where they can get a bigger space for lower rent”.

This point was also evidenced by a couple of very large advertising firms, with more than 200 employees, which had located outside the city centre in affluent suburbs of Manchester. These were branches of international firms and, as such, had a more local remit, which may have encouraged them to locate in a suburban environment.

7.4.2 Opportunities to purchase property

Firms from both of the case study sectors cited the ability to purchase buildings rather than rent office space as an advantage of being located out of the city centre. This gave them an investment opportunity and those in this position purchased properties larger than they initially needed leaving them potential grow-on space: *“The reason why we're moving... This head office as you can see it's a bit like a converted house as it were and it's just too small now in here is only two companies... so we want everyone to be together so everyone can work together see what they're doing and everything like that. So that's why we're moving and obviously we want to expand and take on more people, more work. We haven't got the space to do that at the moment”* (New Business Director, integrated advertising agency, Sale).

In some circumstances, where a larger property had been purchased, space was sublet to other creative firms. This provided an opportunity for another income to offset risk and the prospect of collaboration: *“I moved up here about two and bit years ago, and bought this building and then re-kitted, sub-let part of the premises to a TV production company, which is great because they pay rent for this place and also I do all their pitch work which we throw in... and get all their edit work, that's how it works”* (Director, production and post-production company, Chapel Street, Salford).

Purchasing property also gave firms an investment opportunity and more control over the aesthetic and design of the office space. Those in this position purchased properties larger than they initially needed, leaving them flexibility and potential grow-on space. This is divergent from the traditional view of property preferences for small firms, who would be seen as unlikely to purchase property due to the volatility of their business. Whereas a

larger firm would be likely to find a larger site to ensure expansion, small firms would be more likely to locate in “premises that give sufficient space for current activities, but little margin for growth...sustained expansion normally means relocation” (Fothergill, Monk, Perry, 1987:140). This would be likely to be cheap, rented accommodation on a reasonably flexible lease.

It was admitted, however, by one participant that the decision to purchase property can be made unwisely by some businesses, as the best property investment may not provide the most amenable business premises and so the two aspirations may be in conflict: *“There was a bit of a Hobson’s choice for us because my business partner wanted to buy a building and it needed to stack up from his point of view. He wanted a business in there from day one paying rent with his sort of landlord’s hat on. Now the fact that it ticked all the other boxes meant that I was very happy for us to create our business home here, but there might be situations where the owner of the building is the sole owner of the business and so created their business there even though it doesn’t make any economic sense”* (Director, advertising agency, Altrincham).

The Head of Production of a production company based in Stockport explained her company’s aspiration to purchase property rather than continue to rent. They had been looking for new premises for a more than a year: *“If your company is going to grow, you need to have that vision for the future. The situation that we’re in at the moment is not ideal for us. We’re renting. We’re spending a lot of money on rent at the moment and, whilst we’re expanding, it means that we have to take on another office, but though we have been looking for premises to buy, the right one just hasn’t come along”*.

The aesthetic value of the office space was also considered important to some participants who had invested a lot of money in getting the right ‘look’. This did not necessarily have a corollary in terms of a choice of location. The Director of a communications agency based in Bolton noted *“It doesn’t really matter. As long as you have the space, you can put your own mark on the building”*. As discussed in section 7.3, areas like the Northern Quarter were particularly advantaged by a stock of former industrial buildings amenable to renovation, but properties with character were found not just in the centre but also in more peripheral locations. Even in modern warehousing and office space, the firms had often put their own resources into decorating the business premises. As a participant based in a managed studio complex noted, *“We’re trying to create our own little aesthetic here”* (Director, location film and TV crewing company, Salford Quays).

7.4.3 Access to managed workspace

During the course of the research, five managed workspaces were visited in Stockport, New East Manchester, Salford (the converted mill and managed workspace at the International Media Centre at Salford University discussed in section 1.3.3) and Salford Quays. Nine tenants were interviewed as well as three managers of the workspace and two local authority regeneration officers trying to establish creative industry workspace. All of the managed workspaces were outside of the city centre, although the two Salford locations were in the Chapel Street area and within a couple of miles of it. The five different sites varied in ownership and nature.

Managed workspaces tend to share some basic characteristics. The units tend to be small, with flexible leasing and shared support services (DoE, 1987). They do, however, vary in nature, activities and ownership. During the 1980s there was significant interest in the role of managed workspaces for several reasons. There was seen to be a lack of small industrial premises due to removal of possible workspaces in the inner city by comprehensive urban redevelopment policies. It was also acknowledged at this time that small firms were important to local economic development. Furthermore, it was recognised that redundant industrial buildings could be reused as workspace for small firms with the provision of flexible letting agreements and shared services (DoE, 1987).

The cost was regarded as the chief advantage of location in these spaces. As the Director of a production company based in managed workspace in Salford commented, “*The reason I’m here is because it’s cheap*”. Flexibility was also seen as a key selling point for managed workspace outside the city centre. All potentially offered opportunities for grow-on space or, in fact, reduction of workspace dependent on availability: “*In one respect the flexibility of workspace here is quite good. You only have to give a month’s notice, so if you suddenly find you have to decrease for whatever reason, it’s not a problem here*” (Head of Production, production company, Stockport).

One mill, which offered business incubator workspace in Stockport in association with Manchester University, was specifically marketed on the opportunity it provided to graduate into other workspaces in the same building or at connected sites if the business grew: “*You could go into the business incubation facility for your first year and get all the*

support an incubator provides. Then once you feel you've outgrown that, you could move to maybe our managed workspace, which is very flexible and then you could move to within a few years to a stand-alone unit within either of the mills" (Economic Development Officer, Stockport).

Communal services are a further advantage of managed workspaces for creative industry firms. The costs to the firms are reduced and they can access better services than they could afford on their own. As well as the convenience of being able to access services on site, firms benefit from a more professional image and in the longer term have a greater chance of survival (DoE, 1987). In the public-sector-funded spaces, the opportunity to access business support and training was seen as an advantage. As the Director of a production company based in incubator space in New East Manchester noted, *"You pay for your space, but they provide you support and training and networking opportunities...so I'd say that in kind support is quite key"*.

In the privately-owned converted mill in Salford the shared services accessible to the tenants were different to, for example, those in the university incubator or within the publicly-funded workspace, but were certainly of added value above and beyond the cost of the space. The options for tenants to get together every Friday for a meal, the occurrence of regular club nights and exhibitions and the existence of communal spaces were seen to facilitate meetings and collaboration. One respondent, whose production company made short films and music videos, detailed the advantages in the following terms: *"A lot of the other rooms are potters and artists and painters so that was really good. It's a good creative mixture here, quite bohemian. It's very laidback. There's a club space downstairs. We always wanted to do our own events, put on film nights and I don't think you could that if you had a room in a glass office somewhere"* (Director, production company, Chapel Street, Salford).

A broader range of activities being undertaken by tenants was felt to be an asset as there could be more collaboration. For the tenants, this facilitated the creative process: *"In trying to conceive of ideas to try and make movies and things, we can only draw on our own ideas, that which we've learned or that of the collective. The broader the collective the more raw material we have to draw on and, in distilling that down into some kind of more conceptual thought, you are more likely to create something unique through collaboration than you will left on your own"* (Director, production company, Chapel Street, Salford). Three of the four tenants mentioned that they had collaborated on projects or in pitching

for work with other tenants based in the mill, which helped reduce personal vulnerability due to “*safety in numbers*” (Director, advertising agency, Chapel Street, Salford). The proximity of collaborators, as residents in the mill, reduced the prospect of dishonesty as their reputations would be damaged. Despite collaboration in the mill, fostered by the co-operative, grass-roots feel and regular events, there was less evidence in the other managed workspaces of collaboration between tenants.

There were, however, some drawbacks associated with managed workspace. In some instances, accessing the managed workspace had been challenging and, for some of the workspaces, gaining access to opportunities to locate there was only via fairly closed networks. As the Director of a production company based in the International Media Centre at Salford University said, “*I only got in because I was really, really persistent and I personally knew the people and the room had been empty for so long*”. Furthermore, the management of these workspaces can be regarded as more onerous as vacancy rates tend to be higher and there are a multiple number of tenants (DoE, 1987). Problematically, providing workspace for creative industry tenants is a high risk sector because of the possibility of a high turnover of tenants. In a local authority in Oldham problems were identified in encouraging developers to establish workspace for creative industries: “*We know that creative industry workspace is difficult to develop, to let. It might be the case that they’ll have tenants one week, but they won’t do the next week or there could be a very high turnover of tenants, so what we’re looking at doing is whether we can establish some anchor tenants in the development, so you might have the creative industries being quite transient and in and out but at least they’d have some anchor tenants*” (Regeneration Officer, Oldham).

In some peripheral areas there were signs that demand was not as great as anticipated or desired. In the managed workspace in Stockport the space was being offered to businesses for free to encourage promotion of their site through the creative networks of the business. The tenant at the New East Manchester site had won a year’s worth of workspace in a competition. This conflicts somewhat with existing knowledge which suggests that the location of managed workspace is considered important for its success. Small firms, and in particular start-ups, are not likely to work further than 30 minutes from home so demand is localised (DTI, 1982). Other issues related to location include access to grow-on space for firms to graduate into as they mature, publicising the existence of the workspace and the security of the area (DoE, 1987). This would suggest that, even if such policies are successful at attracting creative firms into managed workspace in the short term, this may

not be particularly helpful in creating sustainable growth for the firm or spillovers into the economy and regeneration of the local area.

7.5 Constraints on agency

A couple of factors emerged during the interviews to suggest that the choices regarding workspace were not made without constraint relating to the cost of moving and inertia. This is in line with the caveats of urban location theory. A 'perfect' theoretical model of behaviour is unlikely to occur due to a range of factors including inertia, moving costs, lack of information and path dependency (Balchin, Bull and Kieve, 1995). Moving was regarded as very costly, particularly when participants had invested heavily in the design of their current space, both in rented and owned premises. There are considerable costs associated with moving, which is why there may be some inertia or lock-in in terms of firm location. As the Director of an advertising agency which had been based in Manchester City Centre for a year and a half explained, *"It's quite a big leap for a company to move from a premises...our rent trebled, quadrupled actually. To actually find the premises we went through the consideration of buy, we went through numerous different premises that we looked at. Eventually we came here. We designed and created the space ourselves"*.

Once firms are located in a particular place, the benefits of a dense labour pool of skilled workers may 'lock-in' and tie the firms to the location. There will be an unwillingness amongst firms to relocate if it is necessary to retain workers (Hall and Pain, 2006). The sustainability of spatial clusters of similar and related economic activity can be seen as a result partly of "forms of inertia meaning that firms rarely relocate once they have reproduced in a place" (Malmerg and Maskell 2002: 5).

Related to this, there is some evidence of path dependency. History did seem to matter. Firms who had been based in their current property for some time may have chosen the location for reasons that were no longer as relevant, but due to inertia were unlikely to move. It was suggested by a couple of participants that the advertising agencies which had settled in South Manchester in Cheadle and Didsbury in the past had done so due to some influence of the areas being desirable, affluent and popular with the residential preferences of young professionals. As trends have changed towards city living and regeneration of the city centre has occurred, it could be speculated that these preferences have changed for

newer firms considering where to locate. This was recognised by one respondent: *“One or the two of the big agencies are completely out in the suburbs. I can only guess that they have chosen to locate there as that’s where there’s been lot of young professionals, where you’d want to live. Manchester City Centre has become a trendy place to live only in the last 5-10 years. Previously everyone was wanting to work out in the suburbs as well as live out in the suburbs”* (Director, advertising agency, Northern Quarter).

7.6 Conclusion

The availability and cost of business premises is one of the three most important determinants of location for the 28 creative industry firms interviewed in the study. This chapter has reported the results of a detailed examination of the nature of business premises being used for creative production. The findings from the interview data supported existing literature in suggesting that certain areas had concentrations of creative activity in Manchester and that the availability of low-cost space had been a significant aspect of this. Historically, a number of spaces had emerged as sites of creative production and consumption and this chapter has particularly looked at the Northern Quarter. This case study has supported previous research (e.g. Hutton, 2006; Markusen, 2006) which identified that, historically, creative industries have clustered in transitional areas where the decline of the area had opened up opportunities to access cheap space in the urban fringe and inner city.

Evidence was found to suggest that certain parts of the centre of the Manchester urban area had been subject to processes of colonisation and gentrification. The sustainability of creative business premises in Manchester City Centre had to a certain extent been undermined by extensive recent development. This supports evidence in the literature (Zukin, 1988; Hutton, 2006), although it is in a very different context, i.e. not in a global city, but instead in a regional city which has undergone intensive physical regeneration following a period of decline. This parallels the findings of Cameron and Coaffee (2005) who suggest that the city-living agenda and urban-renaissance strategies have put creative spaces under pressure. It is suggested that cheap space is under threat in the central area, partly due to extensive regeneration and also because of residential development. This is similar to the process of ‘industrial gentrification’, identified by Pratt (2009), in which only the best-performing companies can afford the high property prices of these areas. It is also

linked to a neo-liberal commodification of culture and to using opportunities for cultural consumption to attract residents and visitors, which ultimately undermines the spaces of creative production.

At the same time, however, the findings suggested that cost was by no means the only consideration in how firms experienced the value of particular spaces. The development of the Northern Quarter, for example, was found to be a complex process, with this area's popularity for the location of creative industry firms being attributed to a range of factors. These included the aesthetic appeal and utility of the built environment, proximity to the city centre and key transport nodes, a history of creative production and a 'cool' image associated with the sites of counter-cultural consumption.

Firms were also found to have adopted risk management strategies with regard to their choice for the location of their business premises as it related to cost. Purchasing business premises, or an aspiration to do so, was very common amongst the sample. The participants who had done this aimed to offset risk by investing in property and providing themselves with an opportunity to sublet. This finding seemed to diverge from the literature where it was suggested that small firms, due to their precarious economic circumstances especially if established only recently, would be unlikely to purchase property (Fothergill, Monk and Perry, 1987). There are some problematic implications of this trend. Finding a suitable property to invest in may be at odds with finding the optimum business premises for the firm and would be likely to involve a trade-off in this regard. It may even result in a degree of inertia and lock-in as firms would be less likely to move even if they expanded or contracted in size. Moreover, in the current economic downturn those firm directors who had already purchased business premises may have suffered losses.

Despite some sectoral difference with certain film and television firms more likely to require a large space, such as a facilities or studio space provider, the main differences in behaviour seem to cut across the two case-study sectors. This would suggest that firm size and function are more likely to dictate location preferences. Firms which were highly specialised, in this case with a strong 'creative' profile and orientated by profit and growth, were more likely to locate in the city centre to access the urban market. It may be that smaller, less well-established firms are not able to access business premises in the city centre due to processes of 'industrial gentrification'. Larger firms or firms in need of a large site were more likely to avoid the city centre's high costs. Within the sample this

included firms which required a large amount of space for their activities, including a film studio and facilities firm. It also included firms who had purchased property and wanted flexibility to expand.

8 The place-to-be?

8.1 Introduction

The previous chapter considered how the cost of property and land affected the location decisions of creative industry firms. It confirmed that access to affordable business premises constrained creative firms in their choice of location, in a similar way to other small and medium-sized enterprises, but with particularly acute issues around flexibility and the nature of the space available. This chapter deals with the second of the three determinants discovered to be most important for the sample of creative industry firms in this study. It explores the way in which more intangible place-based factors were important to creative entrepreneurs in selecting a location for their business and the nature of the location this dictated, in terms of a central or more peripheral site. The focus is particularly on place reputation which was found to be closely related by respondents to other factors relating to quality-of-place. As well as the image of the area, it was connected by participants to ambience, opportunities to consume cultural and leisure amenities and, to a lesser extent, residential preferences. The chapter undertakes the same approach in exploring the empirical data as in Chapter 7, using the results of the 28 semi-structured firm interviews as well as information gathered from the 18 stakeholder interviews.

As established in Chapter 6, the creative industry firms in the survey gave a high ranking to place reputation as a determinant of location and it emerged as the second most important asset considered by firm directors, taking both advertising and film & television sectors together, with a score of 61 representing 14.3% of all the weighted mentions, as shown in the extract in Table 8.1. This masks difference between the two sectors, however. Place reputation was markedly more influential in the advertising sector than in film and television, with scores of 17.6% and 9.8% respectively. This may be a result of differing industry structures, with the film and television industry more vertically integrated and reliant on linkages to large organisations like the BBC and Granada. The nature and importance of linkages for both sectors will be explored in more detail in Chapter 9. The related factors of ambience, leisure services and arts and cultural infrastructure were also more important to the advertising sector.

Table 8. 1: Determinants of location relating to place

FACTOR	WEIGHTED NUMBER OF MENTIONS			WEIGHTED % OF TOTAL		
	A	F&TV	Both	A	F&TV	Both
Reputation	43	18	61	17.6	9.8	14.3
Ambience	25	12	37	10.2	6.6	8.7
Leisure services	17	4	21	7.0	2.2	4.9
Arts and cultural infrastructure	8	4	12	3.3	2.2	2.8
Housing	1	6	7	0.4	3.3	1.6

Source: Table 6.6

Table 8.2 revisits the factors which maybe associated with a ‘people climate’ and sets out the spatial logic in terms of a more central or more peripheral geography that it may dictate.

Table 8. 2: Factors relating to quality-of-place and their spatial rationale

FACTOR	ENCOURAGING CENTRAL LOCATION	ENCOURAGING DECENTRALISATION
Reputation	Image/brand of urban centre.	Affluent suburbs Place attachment
Ambience	Buzz Opportunities to consume and access cultural and leisure services	Liveability Access to the countryside
Residential preferences	City living	Suburban/rural feel

Source: Own analysis

Building on the literature review of Chapters 2-4, section 8.2 introduces the notion of a ‘people climate’ and highlights some of the central arguments surrounding a spatial rationale for this. Section 8.3 reviews the empirical findings in relation to the assertion that the city centre is considered the ‘place-to-be’ for Greater Manchester’s creative industry firms and reviews the importance of place reputation and image to them. Section 8.4 explores the quality-of-place reasons that lead firms to locate in more peripheral areas. The final section summarises the main findings, particularly drawing attention to a possible role of the ‘escalator effect’ in carving out a niche for Manchester’s appeal.

8.2 A 'people climate'?

As discussed in section 2.4.3, there has been considerable renewed interest in the arguments surrounding the influence of place-based factors on economic competitiveness. The determinants of location necessary for a 'people climate' tend to be more intangible and may be associated with the amenity and leisure opportunities offered by the city centre (Florida, 2002). These advantages include access to arts and cultural infrastructure and to leisure services, buzz, 'trendy' place image, and a growing preference for city living. There is, however, lack of agreement in the literature as to the spatial logic of this 'people climate' and alternatively some literature (for example, Glaeser, Kolko and Saiz, 2001) suggests that quality-of-life preferences may dictate a more peripheral or suburban location guided by opportunities for shorter commutes and easier parking, by the desire to fulfil residential preferences and access good public services, and by place attachment. Referring to the US context, Glaeser (2004: 2) asserts that "big suburban lots with easy commutes by automobile and safe streets and good schools and low taxes" are more important in determining the location of creative, skilled individuals than for other people. These ideas are echoed by UK studies (Lee and Murie, 2004; Tomaney and Bradley, 2007) which point out that it is likely that the recent boom in city-centre apartments is insufficient in trying to create the residential amenity demanded by the creative class.

The preferences associated with place-based factors are likely to vary with characteristics of the firm. As with the factors relating to space examined in Chapter 7, firm size is likely to be particularly influential. Musterd and Bakker (2007) suggest that firm size dictates the relative importance of softer amenity-focused advantages or harder agglomeration advantages to creative industries. This is likely to affect firm choice of location. Musterd and Bakker (2007) hypothesize that self-employed creative workers are likely to work from home at least initially, so that their choice of location is influenced by their personal residential history. For some people, especially young single adults, the latter may be associated with the 'place-to-be' as an area with a high level of urbanity, a mix of functions, tolerance of alternative lifestyles, access to cultural facilities and ease of face-to-face meetings. They suggest, however, that if the residential history of the self-employed is more associated with other types of households, for example those of families with children, then alternative amenity sets may be more important. They propose that, for larger firms, decisions taken regarding location will be more 'distant'. This, they contend, results in more of a cost-benefit analysis taking place which is likely to preference the role

of agglomeration economies including accessibility, tax incentives, available qualified labour, connections and forward and backward linkages (Musterd and Bakker, 2007).

In terms of a firm's activities, it is suggested that labour-intensive firms are likely to cluster in the city centre whereas capital-intensive firms are likely to decentralise (Scott, 1982). High-profile, growth-orientated creative industry firms may require a central location to fulfil staffing requirements. If human capital is mobile and is orientated by city-centre consumption practices and lifestyles, then firms of this kind may locate in the city centre to attract them. Firms which are highly specialised, growth-orientated and have a strong 'creative' profile are likely to locate in the city centre to access the strong brand reputation of the place. This reputation would be crucial not just for attracting high-profile clients, but also for recruiting the suitably skilled staff for their firms. A central location will help firms to meet the preferences of skilled workers for city-centre living and consumption opportunities.

Industrial location theories would suggest that there has been some decentralisation of more routine functions (Scott, 1982). These functions are less likely to need the most highly skilled, creative employees and decisions may also be in line with residential preferences for liveability. The next section examines the case-study's evidence that supports the idea that softer location factors preference the city centre, while the following one looks at aspects that preference less central locations.

8.3 The city centre as the 'place-to-be'?

This section is in three parts. The first examines the reputation of the city centre which was seen as the most important place-based factor, with the participants identifying a strong brand image, crucial in attracting staff. Skills shortages have been reported by creative industries in Manchester (Manchester Enterprises, 2007) and the participants did identify problems in attracting suitably skilled and experienced staff. Often firms in the city centre recognised that they were competing with the opportunities of London and saw this as a challenge. In terms of client perceptions, a city-centre base was seen to increase the possibilities of attracting the highest profile work. Secondly, the section explores the

'Manchester brand'²⁴ which was seen as useful to these processes. This image has developed both organically, with a longstanding association with counter-cultural consumption and production, and more formally with place branding by Manchester City Council. Thirdly, it details how the ambience of city-centre environments, often described by participants as 'buzz', was seen to augment the advantages of a central location. The existence of a strong cultural infrastructure and the availability of leisure opportunities in the city centre were regarded as being important for attracting staff and clients.

8.3.1 A city-centre brand?

Reputation relates to both business and personal factors since the reputation of a location may refer to either the 'place-to-be' to set up your business or the 'place-to-be' to live happily (Wenting et al, 2008). In analysing the interviews undertaken with the sample of centrally located firms, place reputation emerged much more as a business factor than as a personal preference for city-centre living or consumption. In particular it was seen to advantage the firms in their access to skilled labour and work and in meeting the preferences of employees and clients. As the Director of an advertising agency based in Manchester City Centre explained, "*Advertising/PR etc are 'sexy' industries. They survive on the mystique and cachet that surround them. The sexier and high-profile the city: 1. London; 2. Manchester, the better. This is the way that clients think, so our choice of city reflects our clients' preferences*".

²⁴ A brand is name, sign, symbol, slogan or anything that is used to identify and distinguish a specific product, service, or business. To compete in more globalised arena new themes have emerged in urban regeneration and a popular thread has been the potential for employing re-imaging strategies. It is hoped that this process will result in a strategic inspiration of new attitudes to the city by outsiders, such as business investors, and also by its indigenous population. According to Basset (1993: 1779) place marketing involves "the reworking of positive elements of local heritage to construct an image of a new post-fordist, consumption-orientated city, attractive to inward investors, and with a good quality of life for executives, managers and skilled workers". Place marketing and branding strategies tend to be associated with cultural strategies including cultivating flagship arts projects to events programming and marketing campaigns. There is a significant collection of existing literature reviewing place branding strategies for example Bramhall and Rawding, 1996; Gibson, 2005; Harcup, 2000; Paddison, 1993. Manchester, in the spirit of urban entrepreneurialism, set up the Visitor and Convention Bureau in 1991 tasked with creation of a new corporate identity for the conurbation. This has tended to focus on 'big city' imagery emphasising the vitality and cosmopolitan nature of the city centre (Bramhall and Rawding, 1996). Thus the 'Manchester Brand' emphasises the core of the conurbation in order to attract business and visitors, in particular consumption opportunities such as shops, theatres, bars and restaurants. It has tended to have been built upon images of the successful 1980s music scene, even using representatives of this period to help market the city such as Peter Saville.

The interview also showed that firms with more creative work and high-profile clients considered a 'cool' or 'trendy' image more important than did firms with more routinised work and localised client bases. This was also true to a certain extent of film and television companies located in close proximity to the anchor firms of the BBC and Granada. In terms of client perception, especially where they were in competition with London-based firms, the firms felt they had no option but to locate in the city centre to be taken seriously. As the Director of an advertising agency in the Northern Quarter commented, "*On the one hand, we could probably look after the clients we look after from a farmhouse in Blackburn, but from the point of view of being recognised for the right reputation or brand we have to be in the city-centre*". This confirms some of the ideas explored in Chapter 4. As discussed there, ideas of brand and reputation are often rooted in the local and products often possess a cachet that is directly associated with their point of origin (Scott, 2001). For most of the advertising firms, this was constituted by a city-centre base, for example in the Northern Quarter (the history and characteristics of which were discussed in depth in Chapter 7). This supports some existing literature which suggests that particular neighbourhoods become an important factor for the success of the business because of the way they reflect the image of the company (Helbrecht, 1998).

Although the reputation of Manchester and the opportunities to enjoy city-centre consumption were ranked highly, it was their instrumental value, in terms of staff and client attraction and retention, rather than meeting personal preferences that was important.

8.3.2 Marketing Manchester

Turning to the importance of some kind of 'Manchester brand', many of the study's interviewees drew on positive images of Manchester, which they perceived as enhancing their business profile. Most firms and agencies felt that negative attitudes were changing and that the region now had a competitive advantage over other places in terms of a very distinctive identity. Some of them suggested that the city had associations with glamour, as in 'Glamchester' (Mellor, 2002), and had a strong image which had been well promoted. Several other participants compared Manchester favourably with other Northern British cities, regarding it as the UK's second city for creative industries. As the Director of an advertising agency based in the Northern Quarter pointed out, "*In clients' perceptions it*

works very well to be from Manchester. We might be cheaper. We might be fresher. We're not the same old faces from London".

Participants mentioned both informal and more formal representations of the city. As discussed in Chapter 6, the 'Manchester brand' has been developed by the City Council particularly over the past 10 to 15 years. Indigenous cultural entrepreneurs have played an active role in shaping Manchester's identity. The 1997 branding slogan of Manchester slogan 'We're up and going' created by the £2.5 million Manchester Marketing Organisation was criticised by the so-called 'McEnroe Group' (as in 'you cannot be serious') which was made up of prominent cultural entrepreneurs including Anthony H Wilson, Tom Bloxham and Peter Saville. To overcome this criticism, more recently there has been collaboration with Manchester's cultural entrepreneurs to help formulate branding strategy. Peter Saville, co-founder of Factory Records with the late Anthony H Wilson and designer of record covers for Manchester's most famous bands such as Joy Division, was commissioned by the City Council to develop a branding strategy for Manchester. The 'Original Modern' brand was designed to represent the identity of the city as the birthplace of the industrial revolution. In the choice of tagline, developed with business and civic leaders as well as residents of the city, Saville said that Manchester's history "could not be overcome and erased" as it was the "foundation and capital of the brand" (Ottewell, 2004). This brand, it was hoped by the council, would position Manchester as an international city. As Councillor Pat Karney maintains, "This isn't arts for art's sake. We are a global economy and the main aim is to bring jobs to the city" (Donohue, 2004).

This suggests that the attributes of the 'Manchester brand' which the participants of the study recognised as having a positive contribution to their business were made up of a combination of deliberate branding and more organic notions of place image. The reputations of Manchester and the North West were regarded as important, with participants drawing on historical associations with music and the idea of Mancunian civic pride and a self-confidence demonstrated through 'swagger'. The recent regeneration and the discourses of rebirth and reimagining had also influenced the opinions of participants and were frequently cited as an advantage associated with location in the city. According to respondents, these images seemed to have changed perceptions of the city. In the words of a Director of an advertising agency in the Northern Quarter: "*Manchester is cool to them... A lot of the marketing and design managers like the fact that there's a sort of rub off that it's a happening place that isn't London. So when they recognise that we can do what some of the London agencies do, that we're in London every week but we happen to have that*

aura of sort of Northern freshness, they really quite like that". The 'creative city script' can be seen less as being about creativity and more about place marketing and consumption (Catungal et al, 2009). Whilst this may have brought some business benefits, in terms of a reversal of some negative perceptions of the city, it is also paradoxically associated with the processes discussed in the last chapter, which are preventing creative firms from accessing city-centre business premises. It is suggested that within an entrepreneurial style of governance not all actors are likely to be equal (Catungal et al, 2009).

Furthermore, there was still seen to be some remaining suspicion of Manchester and the North, particularly from London, and both of the case-study sectors were regarded as London-centric by most respondents. As the Director of an advertising agency in the Northern Quarter noted, *"There's a limit to the type of clients that are based in the North West. There's a type of client that obviously only wants to deal with agencies that are in London"*. It was confirmed by other firms that many, particularly Southern-based clients, preferred a London-based agency. As another advertising agency Director based in the Northern Quarter explained, *"There are clients that still think that, unless they've got a London agency on their books, they can't compete nationally or internationally in terms of their market position...there's that kind of feeling that we must go to London because we haven't got the talent here, but that's nonsense"*.²⁵

8.3.3 'Buzz' and city-centre consumption

For creative firms located in the city centre, ambience, particularly in terms of a feeling of buzz, was mentioned frequently accruing 8.7% of the total weighted responses for the case study sectors as shown above in Table 8.1. As with place reputation ambience was more important to the advertising sector which scored 10.2% compared to 6.6% for film and television. Ambience was also linked to the provision of sites of cultural consumption including restaurants, bars or music venues, as well as to formal cultural infrastructure. As the Director of an advertising agency in the city centre of Manchester described: *"We are a creative design group and inspiration is needed every time you walk out the door and that wouldn't happen in the countryside at all. We need to be in a happening, trendsetting,*

²⁵ The relationships and interactions of the firms with London will be explored in greater depth in Chapter 9.

artistic and inspirational environment for our team and that lends itself to our clients". This supports the view of Bathelt et al (2004: 38) who refer to buzz as the "information and communications ecology created by face-to-face contacts, co-presence and the co-location of people and firms within the same industry and place or region". Basing the firm in a vibrant area was considered important for staff attraction and retention, as well as for the image of the company. As the Director of an advertising agency in the Northern Quarter commented, "*People like to think that they are working with a happening agency and also the buzz of the area is important for staff retention*".

The feeling of buzz was also explicitly related by participants to the recent regeneration of the city centre. Discourses of reimagining were frequently mentioned. As the Director of an advertising agency based in Manchester City Centre explained, "*Our clients want to work with people who are in somewhere that's moving forward, that's visionary, and growing. Manchester, as a city, sits very well, in terms of ethos and vision, with the creative industries in terms of what they are trying to do and what they are trying to achieve*" .

In the city centre's Northern Quarter, the 'buzz' seemed to be tied into the sites of counter-cultural consumption, which the participants located there saw as a 'Hoxtony thing'. The young highly-skilled professionals whom the firms were attempting to recruit were seen to have preferences for city-centre-orientated consumption. Many of the firm directors had started out in other firms and keenly understood the desire of their staff for city-centre consumption. As the Director of an advertising firm in the Northern Quarter said, "*All of us have experience of working in sheds on motorways and there's nothing to do and it's chronic and in a creative business you need people to be able to go to galleries, to shops, just to go out and see what's going on*". As another Director of an advertising agency in the Northern Quarter put it, "*You spend 8-10 hours a day every day at work; you need everything else to sit with it. You wouldn't get that in the middle of nowhere*".

The nature of the industries often involves long working hours (see Chapter 3), so access to city-centre amenities was regarded as part of a trade-off for this. Factors associated with agglomeration, such as the city centre having a concentration of employment opportunities and being the node of transport links, were also important in influencing the decisions of workers, so it is hard to separate one aspect of perceptions of staff motivation from the full range of factors. It was frequently mentioned that highly skilled and creative workers tend to congregate in large urban centres, where the choice of jobs is greatest, producing the benefit of dense local labour markets. This supports the view of Scott and Storper (2003)

who say that firms strive to achieve flexibility in their use of labour and thus need access to a large and variegated pool of specialised talent. It is logical for specialised workers to locate where there are a range of employment opportunities. As the Director of an advertising agency in the Northern Quarter noted, *“If you’re a creative agency based out in a shed off the M62, you will struggle to get the best staff. It’s as simple as that. Being in the city centre gives you the best shot when recruiting and getting the top and better quality designers and creative individuals because everyone likes to be in town”*.

The Director of an advertising firm in Manchester City Centre noted, *“It’s hard enough to attract creative industry workers to Manchester out of London never mind to anywhere else...They want to be working in a buzzing, happening cool city”*. This supports research which identified skills shortages in Greater Manchester for creative, digital and new media firms. Around 8% of firms reported hard-to-fill vacancies, which constituted 43.2% of all vacancies. Particular skills shortages were found in sectors requiring a high level of technical skill (Manchester Enterprises, 2007). The UK innovation survey found that a lack of qualified workers was identified as a bigger constraint on innovation in the creative industries than in others (Work Foundation, 2007). As many creative industry firms are small and flexible, there is little incentive to train employees as they are likely to leave. Since the competition for skills is acute in the region, firms requiring highly skilled staff have to establish a competitive position, which is best fulfilled by the benefits of the city centre.

Most of the firms interviewed also relied on large numbers of freelance staff which they employed for particular projects. Recently a survey of creative industry firms in Manchester confirmed that over half of them used freelance staff. Overall, in the creative, digital and new media sectors, freelance work and self-employment represented almost a third of the employment (Manchester Enterprises, 2007). These freelance staff tended to be used on a regular basis and were nearly always known beforehand or recommended. Creative workers with different skills will often work together on a short-term, project-orientated basis. This entails with it the need to work in “flexible systems which are supported by varying degrees of networks” (Turok, 2003: 553). As freelancers would be working for a variety of firms on different projects, the accessibility of the city centre and the richness of networks there offered an advantage.

It was found that cultural entrepreneurs with centrally-located firms accessed the quality-of-life advantages associated with peripheral areas by residing in the suburbs and rural

areas. Indeed, none of the 28 participants lived in Manchester City Centre and their staff also tended to commute into the city centre for work rather than living there. One agency noted that they targeted employees working in London who were originally from the region so as to get them to return for lifestyle preferences. City living did not seem to be a feature encouraging city-centre firm location and in central Manchester there are emerging problems associated of the oversupply of high-end residential developments. It has been claimed that 70% of flats there have been sold to private landlords. Without tenants, landlords have resorted to sale with up to 40% losses (Northwood, 2008). This supports findings of the study by Wong, mentioned in Chapter 2, which found quality-of-life to be secondary to traditional local economic development factors, or at least something that could be achieved by a willingness to commute.

Firm directors, with their offices based in the city centre, saw locating in Manchester, as opposed to London, as enabling them to access quality-of-life advantages like good schools, access to the countryside and liveability. According to them, this was also the case for some of their staff. As the Director of an advertising agency based in Manchester City Centre explained, *“The other place we are attracting skills is with people relocating out of London when they want to have families and come back to their roots and settle down and we’ve attracted some really strong people that way”*. This could be seen as having characteristics of the escalator effect as identified by Fielding (1992), in which the young skilled workers are drawn to London early in their career, but later in their lives they may ‘step off’ the escalator and cash in on the social mobility achieved by their stay in the metropolis. A study by Devine et al (2003: 507) centred on younger workers returning to the North West and found an unexpected pattern to their residential preferences: they “did not live in a rejuvenated Manchester and its trendy suburbs. Rather, they lived in semi-rural and rural localities, close to family, friends, train stations and motorways – in the region”.

8.4 The peripheral as the ‘place-to-be’

This section reviews the empirical evidence regarding place reputation and quality-of-life influencing location in less central areas. Firstly, it explores whether more peripheral sites could possess a strong place brand. Secondly, the example of the Mediacity UK site, based

in the Salford Quays, is examined. Finally, the empirical evidence of firms locating outside the centre to achieve liveability is reviewed.

8.4.1 Place Reputation

The advertising agencies in the more peripheral sample, aside from those in incubator and managed workspace, tended to be clustered in affluent suburbs such as Didsbury in South Manchester and Sale and Altrincham towards the Cheshire boundary. Two of the very large advertising agencies were based outside of the city centre in affluent areas, one in Didsbury and the other in Prestbury in Cheshire: *“It’s interesting as...the biggest agency in town is in Prestbury, but they attract a certain type of person because they’re in Prestbury and there’s a lot of snobbery attached to that”* (Managing Director, advertising agency, Manchester City Centre). These areas are in line with the residential preferences of the affluent professional classes. As the Operations Director of a large advertising agency based in Didsbury stated, *“We want to have a flagship address that are clients enjoy coming to”*. This was echoed by firms in the film and television sector. The Director of a digital video and production company with a home office based in an affluent suburb of Bolton noted that, *“Having this address gives us credibility when clients come here because it’s a big place in an expensive area so people think they must be doing alright...People do respond to what they see around them”*. In these instances it could also be seen that the size of the agency could support a peripheral location as the identity was provided by the company brand. Both these agencies were also branches of larger organisations.

Firms based outside the city centre, however, still saw themselves as Manchester-based and were able to tap into a sense of the ‘Manchester brand’: *“In terms of reputation, having the Manchester address was important. Even though we’re not in the city centre, we felt being associated with the city was important because it’s got quite a good reputation for our industry sector”* (Director, advertising agency, Altrincham). One participant demonstrated the extent of this by comparing his firm’s location in Bolton in much more favourable way to locating in Blackpool: *“In an industry like this the place is important. If there was a post-production facility in Blackpool...if I was going to go and work there, I would be very careful. I would be wanting to see it, I would screen it very carefully, It’s not*

a traditional centre for post-production” (Director, film and video production company, Bolton).

According to a few interviewees, place attachment also played a role in business location. This was particularly true when the identity of the place the individual originated from was seen as distinguishable from Manchester, as in this case of the same respondent from Bolton: *“So we have clients all over the world, but we’re based in Bolton because I’m a Bolton lad, but I guess you could also say it’s cheap, but why should I come to Manchester when I can stay in Bolton and it’s dead cheap and it’s very near?”* (Director, film and TV production company, Bolton).

Nevertheless, for the firms located outside the city centre from both sectors, there were aspirations for a future move inwards as a way of boosting perceptions to achieve higher profile clients. As the Director of a communications agency based in Bolton outlined: *“Are we going to move to the centre of Manchester? Very possibly in the future. Because we’ll increase our profile. People looking for our type of services look to central Manchester before they look at Greater Manchester”*. A city-centre move was also considered for overcoming skills shortages, which might be problematic for business development. The Director of an advertising firm in Altrincham which had been trading for just over two years admitted that a move to the city-centre might be necessary for accessing particular staff: *“I’m going to need to develop the business. In the same way that people travel into London to be a part of the London scene, there’s lots of people in our industry, particularly in the younger age brackets, who will want to be in the city centre and I’ll have to weigh that up against my own personal selfishness of being able to come to work in 5 minutes”*. This was also the case for a TV production company based in Stockport, which had been looking for more central business premises for at least a year: *“If you are based in the city centre it is easier to get people, we’ve found that most people in the city centre are probably working for the bigger broadcasters because you’ve got Granada and the BBC obviously and it does make it easier for people. If we were based in the city centre, we would probably find it easier to attract people”* (Head of Production, TV production company, Stockport).

Like the advertising industry, the film and television sector was considered very image-conscious. Outside the city centre but regarded as possessing a strong brand was the Salford Quays area, which was the site of a cluster of activity with a strong image and cachet augmented in recent years by the MediaCity UK development. The ‘snobbery’

associated with having the ‘right’ address was raised on a number of occasions. Several participants mentioned this, including the Director of a location film and TV crew company based in a studio complex next to the MediaCity site who commented, “*The fact that we have a Salford Quays address rather than an Eccles²⁶ address is snobbish, but important*”. The next section explores the ways in which the MediaCityUK site has been marketed to try overcome location in the periphery.

8.4.2 Attracting workers to a less central site: MediaCity UK

The planned BBC move to the Salford Quays by 2012 provides the source of an interesting case of efforts to attract staff to a less central site. It can also be used to examine the use of place branding in promotional material aimed at attracting new creative firms to locate in proximity to the BBC and at persuading the BBC workers to relocate from London. It is proposed that 1,800 of the jobs based in London will move with the relocation of CBBC, CBeebies, Five Live, BBC Formal Learning and BBC Sport. According to the MIDAS, the investment agency for Greater Manchester, the BBC move is set to bring £1bn to the regional economy over five years and work opportunities for 15,500 people, as well as space for 1,150 creative and related businesses (MIDAS, no date). The choice of the site in Salford, instead of the other main option of Manchester City Centre where the BBC already has a presence, is thought to have been influenced by cost implications and the presence of a ‘rent gap’ (Christophers, 2008). The BBC is also seen as the anchor tenant for the site, which is then hoped to attract creative industry talent.

A couple of the interviewees drew on the media reports of the discontent of broadcast workers from the BBC in London being asked to relocate to Salford. One explained their reservations with the hype in the following terms: “*I’ve seen the building and it looks marvellous. Yes, If they move up (and I think it depends whether people who live in London want to come and live in the North) if they move up, it would be a great benefit. I’m involved in a community media group here in Salford. They are the natural people to supply staff to the BBC. I don’t know if that will happen, I’d love it to happen. But I think what will happen is that people will travel up from London on a Monday morning and*

²⁶ Eccles is a town in the metropolitan borough of Salford, 2.7 miles west of Salford town.

travel back down on Friday afternoon. I hope it doesn't" (Director, production company, Chapel Street, Salford).

Press reports would seem to confirm this suspicion and have caused some anger locally. They include the announcement of 'gold-plated' relocation packages of £46,000 worth of free rent and bills for London staff making the move (Swinford, 2009). Staff are being offered £1,900 per month for up to two years to cover rent, utility bills and a weekly return journey between Manchester and London (Wylie, 2009). Even so, only about 50 percent of staff are expected to make the move. Matthew Sinclair, research director at the Taxpayers' Alliance, was quoted as saying, "Maintaining the London weighting for staff no longer in London, providing handsome payments to cover every possible moving expense and guaranteeing staff against falls in value of London homes, these are a slap in the face to the ordinary taxpayer" (PA Mediapoint, 2009). Another commentator also questioned the plans: "Why doesn't the Beeb just call them 'hardship payments' and have done with it? I'm only surprised it hasn't granted staff an allowance for the purchase of a flat cap and insurance against being bitten by a whippet" (Hunt, L, 2009).

The campaign behind the relocation to the MediaCity site by both BBC workers and regional independent firms has been marketed heavily. Agencies involved in this process have included MIDAS, North West Vision and the North West Development Agency. As well as highlighting funding opportunities for relocation and other support available, the image of the region has been sold in a number of ways. Promotional material describes the vision for the area:

A new network of tightly knit streets, squares and boulevards will cascade down into a huge waterfront piazza, a place to watch the sunset, enjoy a drink or a concert, and have some great conversations. MediaCity: UK based at Salford Quays is Manchester's waterfront. It enjoys all the benefits of the city-centre, with the space for an explosion of new media and creative industries (MediaCity:UK no date: 1)

Another piece of promotional material 'Make it in Manchester' describes the selling points of Manchester (Northwest Vision, no date). It highlights the abundance of culture in Greater Manchester, which "boasts more than fifty museums and galleries and has the largest concentration of theatres". The material suggests that Manchester performs on a cost basis too, in terms of housing and the cost of living, giving incomers "more bang for their buck". Further to this, access to the countryside and the high quality of city-centre consumption in the form of bars and restaurants are also highlighted as advantages, along

with easy access to London by train. They also helpfully provide translation of some common phrases likely to be used in the North West for example “Wilt ave gill wi me. Would you care to join me for a drink (alcoholic)”.

Despite the reservations quoted above, other respondents were cautiously optimistic about the development of the MediaCity site. For instance, the Director of a production company based on the Oldham Road Corridor in New East Manchester said: *“Manchester has quite a lot of energy around its strength in the creative and digital industries and its future with MediaCity and things so there’s a lot of buzz around that and a lot of energy around the sector because of that”*.

The views of the participants of (London-based firms’) perceptions of Manchester and the North West are explored in greater depth in Chapter 9, alongside the relationships with London and international markets, suppliers and networks. The next section looks at whether opportunities for increased liveability led to location in the periphery.

8.4.3 Liveability

Markusen (2006: 1292) suggests that some creative workers may “trade off being where the action is” for improved liveability. This may result in a decision to locate in a suburban or peripheral business location in line with residential preferences. Although it was mentioned in a couple of instances above that living arrangements had guided the choice of business location, this was not common amongst the participants. Only a handful of the firms based in peripheral locations had made their decisions partly in line with residential preferences, working near to or from home. As the director of a firm based in the periphery explained, *“The other director and I both live no more than 10 minutes away from the office. As a new business, spending the time that we do in the office or at work meant that having an office down the road was a very important element to the success in the early days of the business. It can be simple things like the alarm goes off and one of us has got to go and sort it out and, if it was an hours drive away or forty five minutes drive away, it would be a pain and you don’t need that when you’re working flat out at the start of a business. So we wanted somewhere within a stone’s throw from home”* (Director, advertising agency, Altrincham).

In general, the lack of consumption sites and services was not viewed as particularly problematic for firms outside the city centre. Consistent with the findings of Markusen (2006), they had traded off these amenities to access affordable space. Firms often viewed access to city-centre leisure services as adequate and a handful of firms used city-centre spaces and venues for events, meetings and socialising. As one respondent explained, *“Thinking back to how we started out, it was good that there was that much going on as far as music was concerned and having the bars and venues as places you could hire out and put an event on at was helpful”* (Director, production company, New East Manchester).

In many cases, firms felt that the transport infrastructure allowed them to access the benefits of the city centre as required. This was also seen as enabling staff mobility and access to clients. The role of technology and transport communications as a possible enabling factor for firm decentralisation will be explored in depth in Chapter 9.

Overall in terms of peripheral firm location, those firms based outside of the city centre tended to be very small or very large. Aside from the largest firms, which were also branches of international companies, the work of firms located outside of the city centre was on the whole more routinised, with fewer aspirations to obtain London clients. This is consistent with theories regarding industrial location where there has been some decentralisation of more routine functions (Scott, 1982). As well as factors encouraging decentralisation such as lack of space, congestion, high central wages and high central land prices, there are also factors attracting firms into suburban areas including improved transportation, prior decentralisation of the workforce, increased accessibility at the periphery and proximity to airports (Scott, 1982). In relation to quality-of-place advantages, the interviews provided some limited evidence of firms locating in more peripheral areas in order to fulfil personal lifestyle preferences, with offices at or close to home.

8.5 Conclusion

This chapter has looked at how the location choices of the sample were influenced by quality-of-place factors. Place reputation was highly ranked as a determinant of location and emerged as the second most important asset considered by firm directors in the two sectors combined. This masks difference between the two sectors, however. Place

reputation was markedly more influential in the advertising sector than in film and television. This may be a result of differing industry structures, with the film and television industry more vertically integrated and reliant on linkages to large organisations like the BBC and Granada.²⁷ Place reputation was the most important element of quality-of-place influencing firm location. As well as the image of the area, it was also connected to ambience, opportunities to consume cultural and leisure amenities and, to a lesser extent, residential preferences.

As seen from the interview evidence presented in this chapter, place reputation was associated in the city centre with opportunities to consume the cultural and leisure infrastructure of there. It was also closely linked with feelings of ambience and ‘buzz’ which was seen to have been augmented by the extensive city-centre regeneration of recent years. The findings suggest that the ‘Manchester brand’ and sense of place were considered a key advantage of those firms located in the centre. This was not to fulfil a personal desire for city living, as all the firm directors lived outside the city centre, but instead it was influenced by the motivations and perceptions of clients and staff. This diverges from the literature from a strong emphasis on diverse and vibrant city living in the location decisions of skilled workers (Florida, 2002).

The reputation of Manchester was seen as very important and interviewees identified a strong brand image, which according to them was crucial in meeting staff preferences. Often firms in the city centre recognised that they were competing with the opportunities of London and saw this as a challenge. In terms of client perception, a city-centre base was seen to increase the possibilities of attracting high-profile work. This image originated with the indigenous cultural scene and especially its tradition of music production, but has also been developed through public-sector branding exercises. Firms outside the centre either felt that they could buy into this despite a more peripheral location, or they recognised that a city-centre site would have more cachet but were unable to access city-centre-based business premises. Participants generally felt that there was still some negative perceptions of firms based outside London, but regarded their association with Manchester as a business asset.

²⁷ The nature and importance of networks to both sectors will be explored in Chapter 9.

The empirical data presented above also suggests that firms respond differently to the role of softer place-based advantages. This seems to be dependent on their level of creativity. The firms located in the centre tended to have more high-profile creative commissions and their location was crucial for a strong business image to attract high quality clients and staff. Opportunities to engage in city-centre consumption and a 'buzzing' ambience were also viewed as important for staff attraction. The exception to this was the nascent cluster of firms located at the MediaCity UK site, which also provided the necessary high-profile image.

Access to skilled staff was clearly very important to the firms in the centre. Considerations relating to location in terms of the availability of assets such as transport links, place image, opportunities for consumption were based on a perception of what staff would regard as most important. To attract a highly skilled, young professional possibly back from London, a business location in the city-centre was regarded as crucial. Overall amongst the firm directors, it was the advantages associated with liveability which guided the location choice to settle in the Greater Manchester area, even for city-centre based firms. Their location in the city centre was not driven by a desire for city living in a diverse urban environment. To a certain extent the staff, including the firm directors, consumed city-centre lifestyle opportunities, but as 'city-centre tourists' (Allen, 2007) rather than as residents. The attraction of quality-of-life, lower costs of living, shorter commutes and liveability provided by living in the region as a whole had also been used successfully to attract Mancunian Diasporas back to the region via an escalator effect (Devine et al, 2003; Fielding, 1992). Formal branding campaigns, commodifying artistic and lifestyle cultures, and extensive city regeneration also contributed to the positive discourses concerning image.

Firms with more routinised functions were largely located in the periphery. In the case of advertising they were located in affluent suburbs, to a certain extent in line with residential preferences. They identified with the 'Manchester brand' and felt that they could still use it to their advantage despite not being in the city centre. Nevertheless there were some firms, particularly those with aspirations for a greater level of creative work, that did feel disadvantaged by not being in the city centre, especially in terms of the staff they could attract.

Clearly, aspects of place seem to have played an important role in influencing the location of the sample of firms in these two creative industry sectors. The evidence about quality-

of-place relates to several different facets including ease of access to sought-after features. The factor of transport is explored further in the next chapter, along with other aspects associated with communication.

9 Communication: making connections

9.1 Introduction

The previous chapter considered how advantages associated with quality-of-life preferences affected the location decisions of creative industry firms. This chapter now turns to the last of the top three determinants. It explores the ways in which communication was important to the respondents from the two case study sectors in selecting a location for their business and the nature of the location this dictated, in terms of a more central or more peripheral site within Greater Manchester. As in the previous two chapters, this chapter also draws mainly on the evidence of the 28 semi-structured interviews with firm directors, with 18 interviews with stakeholders providing contextual information. Data collected from 17 of the firms about the geography of their interactions is also used.²⁸

According to the ranking of determinants by interviewees, transport connectivity was the most important determinant of location with 20.1% of the weighted responses for both sectors combined, as can be seen in Table 9.1. It was regarded as crucial to both sectors and demonstrated that access to clients and staff was important to firms both in the centre and periphery. The other factors associated with communication scored less and some sectoral divergence can be identified among them (Table 9.1). Access to markets was considerably more important to the film and television sector, making up 13.1% of highly ranked replies in the weighted rankings compared to just 2.9% of the advertising sector.²⁹ Networks also scored more highly for the film and television firms making up 8.2% of highly ranked replies compared to 4.1% for advertising. To a certain extent, this may reflect the highly networked nature of the industry and the key employers in Greater Manchester of the BBC and Granada. Parking was more important to the advertising sector and was added by respondents, rather than being initially suggested as a factor likely to influence them.

²⁸ The participants who completed the contacts web were asked for detailed information about the geography of their interactions with clients, suppliers, freelancers, business support and ideas sharing. For more information on the contacts web please see section 5.4.

²⁹ The percentage of weighted replies made up by each firm can be found in Table 6.6. This was calculated to ensure comparison between sectors as 16 advertising firms were interviewed and 12 film and television firms.

Technology did not rank highly for either sector, according to the determinants ranking process, but emerged as an important factor during further probing in the interviews. It was considered fundamental to business operation and, in the case of some firms, their business would not have been possible without, for example, the existence of certain software. This will be discussed in more depth in section 9.4.2. This could be seen to have democratised access to the sector. The influence of technology on spatial organisation was less clear cut, however, and this may have been the reason for its low score.

Table 9. 1: Determinants of location linked to communication

FACTOR	WEIGHTED NUMBER OF MENTIONS			WEIGHTED % OF TOTAL		
	A	F&TV	Both	A	F&TV	Both
Transport connectivity	44	42	86	18.0	23.0	20.1
Access to markets	7	24	31	2.9	13.1	7.3
Networks	10	15	25	4.1	8.2	5.9
Parking	16	5	21	6.6	2.7	4.9
Technology	4	9	13	1.6	4.9	3.0

Source: Table 6.6

Table 9.2 details how these factors associated with communication can be expected to influence firm location in a more central or more peripheral site.

Table 9. 2: Factors associated with communication and their spatial rationale?

FACTOR	ENCOURAGING CENTRAL LOCATION	ENCOURAGING DECENTRALISATION
Transport connectivity	Node of transport links Strong external connectivity	Congestion Improvements in communication links
Knowledge exchange	Opportunities for face-to-face networking	Access to high speed internet, new technology

Source: Own analysis

The structure of the chapter is as follows. In section 9.2 the arguments surrounding the influence of changes in technology and communication on the spatial organisation of economic activity are introduced. Section 9.3 reviews the study's evidence on the continued privileging of the city centre for some firms related the site of a node of transport links, allowing firms to access larger markets and external links, for example to

London. Section 9.4 turns to the evidence on whether decentralised locations have become more popular due to advances in technology and communication, enabling firms to forge and maintain business networks with reduced face-to-face interaction. Following this, a typology of linkages is considered in section 9.5. This section interrogates data collected from 17 of the 28 firms regarding the spatial location of their most important interactions. It focuses particularly on the level of exclusivity or openness of the interactions, external links are examined with particular reference to the relationships with London, and the role of intervention in terms of public-sector support networks. Finally, conclusions to the chapter are drawn in section 9.6.

9.2 Communication

As discussed in Chapter 2, broader changes in the economy and technological advances may have reduced the importance of distance, especially in relation to knowledge-based activities (Cairncross, 1997). As business can be conducted online, the need for physical concentration may have been reduced as firms can trade with anywhere. It is suggested therefore that advances in information technology may have enabled firms to operate in more peripheral locations. Improvements in communication in terms of transport linkages and the disadvantages associated with the congestion of the city centre may also have contributed to this shift. Transport links have also influenced this shift, with urban form often being influenced by the dominant mode of transport. Garreau (1991) proposes that that urban settlements organised around car, air travel and computer will take the form of an 'edge city' which can compete with traditional CBD downtowns. Therefore, these processes may have contributed to a shift towards the decentralisation of creative industry firms.

Conversely it has been asserted that there are clear advantages associated with large urban centres. The continued importance of the urban centre has been highlighted (Morgan, 2004). Proximity to other firms may still be important in terms of face-to-face interaction for ideas generation, development and exchange; negotiation and learning through high value knowledge exchange; and trust and reciprocity in business relationships (Pratt, 2000; Scott and Storper, 2003). The spatial clustering of related industries and skilled workers allows a common pool of labour, knowledge, information and ideas to develop (Wu, 2005). The advantages of locating in particular cities continue to be important despite

claims that this would be eroded by globalisation and information technology links. As Reimer et al (2008) point out, there are extraordinarily high degrees of geographic agglomeration in the creative industries.

9.3 The centre as the node of linkages

The accessibility of clients and, even more importantly, of staff were crucial to firms in the centre. Firms in the centre were advantaged by external links with greater reach allowing more high value activity to be undertaken. Although new technologies have made it theoretically possible to decentralise to remote locations, it is suggested that this has not become the dominant spatial pattern for a number of reasons associated with the advantages of proximity found in urban locations. Advantages can be derived from the scale of the urban area, particularly relating to the labour pool which may offer information spillovers. First, the role of the city centre as the node of transport linkages is explored, followed by the importance of face-to-face interaction in business relationships.

9.3.1 External connections and commuting flows

The connectedness of the city centre was considerably more important to the respondents than prospects for local networking. As mentioned above, the connectivity of the transport links was mentioned most frequently of all of the determinants of firm location. Thus transport linkages were crucially important for those firms based in the city centre, but with differing characteristics than those firms in more peripheral areas. Manchester City Centre is at a particular advantage because of being based at the centre of a nexus of good transport links. As the Director of an advertising agency based in the Northern Quarter noted, from the centre of Manchester “*the whole of the North West is incredibly accessible*”. This demonstrates that, within these firms, the traditional urbanisation advantages of strong transport linkages were not diminished, particularly in their role of accessing clients and skilled labour. This supports the view of Nelson (2005) who suggests that a city’s central place within a region is enhanced by its positioning on regional transportation networks, which allows it to serve a dispersed metropolitan client base, access suppliers and collaborators, and attract and retain a local workforce. Thus the key

advantages of a central city location is not necessarily its tight proximity, it is the access it offers to the region.

One of the main strengths for firms with London or internationally-based clients was found to be the strength of external transport connectivity, through the swift journey to London by train and through the size of the airport, which is the largest in the UK outside the South East. As the Creative Director of an advertising agency based in the Northern Quarter explained, *“That’s important to some of our bigger clients. We work with London clients... There’s meetings to be had here, we want to be able to invite the bigger clients up. We still need to be reasonably local and the area needs to be reasonably accessible. We’re currently 10 minutes away from Piccadilly Station”*.

The firms based in the city centre who completed the study’s contacts web were much more likely to have clients outside the North West than those based in peripheral sites. 46% of the clients of city-centre-based firms were based outside the North West and a significant proportion of these were London-based. By contrast, only 23.6 % of the decentralised firms involved in the study were clients based outside the North West. This supports the evidence from Bathelt (2005), which was discussed in Chapter 4, who argues that the establishment of linkages to global markets and external knowledge is considered the best way of encouraging growth and avoiding inertia. According to Bathelt, the more firms in a cluster are engaging with translocal pipelines, the more news and information is being transmitted, which in turn stimulates local buzz. Therefore, connecting ‘local buzz’ into ‘global pipelines’ is considered crucial for a successful and innovative creative industry sector (Musterd et al, 2007). This will be explored in more detail in section 9.5.2.

For client visits outside the region, particularly to London, train links were often used and occasionally air travel. In terms of the mode of transport used within the North West, all the firm directors in the city centre used the car to travel to work and often to conduct visits to local clients, aside from one Director based within an advertising agency who had taken the decision to strongly encourage public transport and was involved in the, now failed, congestion charging³⁰ bid campaign. He explained: *“We do a lot public transport. We often*

³⁰ Proposals for congestion charging in Greater Manchester were part of a bid to the Government's Transport Innovation Fund for a £3 billion package of transport funding and the introduction of a road congestion charge for Greater Manchester. Two cordons were proposed, the outer encircling the main urban core of the Greater Manchester Urban Areas and the inner covered Manchester City Centre. The Greater Manchester Transport Innovation Fund was rejected by a referendum on 12 December 2008.

go out to clients. We wouldn't be somewhere where it was reliant on travelling by car. To be in the arse end of some industrial estate in Preston is never going to work for us".

Firms based in the city centre thought that their central location was important for access to staff or 'talent'. The public transport links were particularly important for this as many staff travelled into the city centre by public transport. The firms, particularly the larger ones, recounted problems of finding suitably skilled staff and considered a city-centre location essential in attracting them. An easy commute for staff was important and there was strong evidence of employees utilising the transport links into the city centre and travelling considerable distances in a daily commute, rather than living and working in the city centre. As well as from all parts of Greater Manchester, there were examples of staff travelling in from the Wirral, Chester, Liverpool and Leeds. Staff travel was sometimes by car, but was more often public-transport-orientated. The Managing Director of an advertising firm noted that one of the main reasons for remaining in the city centre, despite considering a move to the suburbs when their lease came up for renewal, was based around staff commuting: *"When we looked at the geography of our staff we have people that come from North Manchester, South Manchester, all the way from Leeds one of them, East Manchester, West Manchester so if we'd moved out of town it would have been a huge disadvantage to some of them depending on which way we'd gone and also then to attract people to go"* .

This also applied to freelance staff which were used by 16 of the 17 participant sample firms that completed the contacts web. This proportion is quite high, but certainly many creative industry firms in Greater Manchester do employ freelance staff. A survey of 354 creative businesses in 2007 found that 54.4% of the businesses surveyed employed freelance staff (Manchester Enterprises, 2007). The freelance staff employed by firms based in the city centre often came and worked in the offices: *"Freelancers, well they'd go anywhere I suppose, but they're quite happy to come into town. You're not asking them to hike out to Clitheroe³¹ or something. Sometimes they'll take a brief and go away for a couple of days, but I'd rather prefer them working here. There's nothing more frustrating than giving someone a brief and they come back three days later and they've missed the point completely"* (Managing Director, advertising agency, Manchester City Centre).

³¹ Clitheroe is a town in the borough of Ribbles Valley, Lancashire

9.3.2 Face-to-face

Frequent face-to-face meeting was important for both sectors. It was particularly emphasised by the film and television firms, especially those seeking commissions from the BBC and Granada. The networks of these firms tended to be closed, which had encouraged these firms to locate near these organisations. There are a cluster of high-profile firms in the city centre including Sumners, Shine, Hat Trick, October Films, Princess and Objective. The Owner of a high profile post-production facility based in Manchester City Centre noted: *“Our location is very close to the BBC. As a result we do lots of work for the BBC. It also helps that we’re good at what we do, but yeah the location is important”*. The BBC’s planned move to MediaCity UK by the BBC may therefore affect the spatial organisation of these firms as they are likely to consider relocation to be close to the new site on the Salford Quays to better access commissioning opportunities. The owner of the post-production facility in Manchester City Centre mentioned above had already been established as the manager of a studio complex adjacent to the site. Granada Television is now not planning to move to the Salford Quays area after some initial consideration, which may divide firms depending on their strongest relationships. However, as will be discussed in section 9.5.1, the networks have become so closed and exclusive amongst the film and television sector that it is unlikely that geographical proximity alone would be enough to access these clients. Based on this evidence, it is suggested that the physical location associated with the historical concentration of activities is no longer of benefit to these firms in terms of accessing clients and would offer little advantage to new firms moving into the area.

To a certain extent, the city centre firms from the advertising sector echoed some of these ideas. As the Director of an advertising agency based in Manchester City Centre explained, *“The social and networking/collaboration features have kept us together thus far”*. They felt that Manchester City Centre provided essential opportunities for business networking. The Director of an advertising agency in the Northern Quarter described the process of finding work: *“It is quite a networked place...People know each other and most of the work comes through ‘we did a good job for them and now they’re friends with them’... So we don’t do any advertising for us at all, so it all comes through pitching for work, but also kind of word of mouth...the North West is good at that”* .

Despite some evidence of proximity enabling the acquisition of work, advances in technology had influenced the interactions of centrally-located firms. Although some

informal face-to-face networking took place within the sites of cultural consumption like the Northern Quarter, much more of the informal sharing of ideas was conducted online. Participants, no matter where they were located, often undertook these interactions via email and phone with a range of people, including clients, suppliers, colleagues, past colleagues and friends. The Director of an advertising firm described members of staff contacting colleagues they had worked with in previous firms via email with queries. He maintained that distance was reduced in importance due to new technology. He elaborated further: *“From a geographical point of view I don’t think geography is relevant because it might be that I speak to someone at Love³² and equally we speak quite a lot with handful of agencies in London when we want to pick their brains about things... We have more peers in London than we do in Manchester, so as a result, speaking personally, I would be more likely to phone someone in London or maybe just one or two agencies in Manchester or Leeds if I wanted to pick someone’s brains”* (Director, advertising agency, Northern Quarter).

Despite some instances of networking and Manchester City Centre being considered a networked place, there was little evidence that it was the prospects for collaboration which had encouraged these firms to settle or stay within the city centre. Instead, beyond the brand reputation derived from a city-centre site, the accessibility to staff and external clients was considered more important.

9.4 Enabling decentralisation: technology and communication advances?

As demonstrated by the high weighted scoring for both sectors, transport connectivity can be inferred to be important for firms based in the periphery as well as the centre.³³ On the other hand, the nature of the most important linkages in the periphery was different from those in the centre, for example with the strength of the motorways being more important. Despite not being scored very highly, technology emerged as important during the discussions and had improved business viability. Whilst not necessarily being the most important reasons for locating in the periphery, both these factors strongly enabled the

³² An advertising agency based nearby

³³ See Table 6.6 for full results

firms who had set up there. The importance of local connections is reviewed now, followed by the role of technology.

9.4.1 Local connections

Activities based in more peripheral areas saw the strong transport links as essential in allowing them to locate in decentralised areas across Greater Manchester. In Stockport, the location on the intercity line was seen as a distinct advantage, taking just eight minutes to Manchester City Centre and one hour and fifty minutes to London. It was especially the internal connectivity that advantaged the respondents. In the Salford Quays area, access to Manchester City Centre via the Metrolink was much cited, as also was the easy access to the motorway that allowed firms to travel to the North West and the rest of the UK. Similarly, the Metrolink through Trafford was seen as advantageous for firms based there, providing easy links into the city centre from Sale and Altrincham. As the Director of a production company based in Bolton explained, *“We can work over the whole of the region very easily because the motorway network is so dense that it takes us no time at all to get from one side of the region to the other, so we don’t have to surcharge clients who work outside our immediate geographical area because it doesn’t take us any extra time. We can be very competitive throughout the region”*.

In these cases, while location in the city centre was not necessary, access to the city centre was often considered important. Transport links were seen as crucial for staff and client access and were seen as a regional asset. Another respondent, the Director of an advertising agency based in Altrincham, discussed the advantages in the following terms: *“The transport links are hugely important. We are 20 minutes from the city centre by car, 15 minutes by rail. We’ve got only 15 minutes journey time to the nearest mainline station to London. We’re 10 minutes from the airport. We are probably 10 minutes from the M6. We’re in a very easy place to get to and from”*. This is consistent with Marshall and Webber (2007) who argue that the effective density of a conurbation is increased by good transport links.

Client access was of course critical, but in both sectors it was not uncommon for respondents to go to client offices or meet them on location. Within the advertising industry, this was contrasted with the situation in the past, and the structure in London,

where clients were thought to visit the agency's premises much more commonly. It was also the case amongst centrally-based firms within the advertising sector that respondents would more often visit clients than play host in their offices. As the Director of an advertising agency based in the Northern Quarter explained, "*I was chatting to someone who spent a lot of time working in London and they said the clients always go to the agencies in London cos it's a treat and they like it and it gets them out of the office, things like that. In Manchester the agency always gets on their bike and goes and see the client... Culturally we get on our bike and go and see the client wherever they are*". Moreover, as mentioned in 9.3.1, the firms based in the periphery were more likely to have a local client base, with only 23.6 % of clients being based outside the North West. Staff access was, perhaps, therefore considered more important. As the Director of a communications agency in Bolton noted, "*Employees need to be able to get in and out. The fact that we can be in and out of Manchester in 20 minutes is key. The lads come in every day on the train*".

In the majority of cases, freelance staff were encouraged to come and work within the offices of the firms, except in the case of film and television production companies where freelance workers would often assemble on location for specific projects. 86.5% of the freelance staff accounted for on the contacts web of the peripheral firms were located within the North West. As the Director of a production based in New East Manchester explained, "*It's important to be quite close to the centre, but also easily accessible from the rest of Greater Manchester... For instance people that do video editing for me: some are based in Cheshire, some are based in Salford, one's based in South Manchester so they're all over the place*".

There was some evidence of the peripheral firms avoiding the city centre due to congestion. This was linked to the main mode of transport being used, the car. It was mentioned on several occasions that locations outside Manchester City Centre could be more accessible due to easy access via motorway links. Again this was seen as important for both client and staff access. In terms of staff access to business premises, the Director of an advertising firm in Altrincham noted: "*It's not in the city centre and that can be a plus point for people in terms of ease of getting to and from work...They travel 100% by car*". As transport costs are equated with access, peripheral sites of employment tend to be located adjacent to transport nodes (Balchin, Bull and Kieve, 1995). This was also important for clients arriving by car according to the Director of a production and post-production company in Salford, "*You can come straight off the motorway here...punters can park in the car park and not have to pay anything*".

Parking costs were frequently mentioned as a drawback of a city-centre location. The availability of low-cost parking was regarded as useful for both staff and clients. It was scored highly, especially within the advertising sector, with 4.9% of the weighted and combined rankings, despite this factor only being added into the set of cards used for ranking the top five determinants after the first stage of interviewing.³⁴ More often than not, however, easy and free parking was seen as an added bonus of a decentralised location rather than the main factor guiding the choice of location. It was also mentioned by film and television firms where the use of vehicle was necessary for carrying equipment or being out on a shoot. The costs of parking in the city centre were thought to be prohibitive and on a couple of occasions interviewees suggested that parking costs might affect staff retention. As the Head of Production of a TV production company in Stockport explained, “A city-centre location does bring its other drawbacks as well, because parking would be expensive whereas here the parking is free. Some people would look at that and say ‘well, free parking that equates to maybe another two and a half thousand pounds a year in salary because I’m not having to pay that for my car parking’”.

The congestion charge, though now rejected, was mentioned as a key factor in the decision of one firm, an integrated advertising company based in Sale, to decentralise further. The New Business Director explained: “There was a couple of things we looked at when we were moving. Perhaps into the city centre, because you get the hustle and bustle, other companies in there, but ...you’ve got the congestion charge coming soon. So that was a big factor of not going inward to the outskirts, to maybe Salford or Trafford, as you’d get the congestion charge”. On the other hand, although a couple of other firms also raised the issue of congestion charging in a negative way, these stated that ultimately this would not affect their decisions around business location.

9.4.2 Influence of technological changes on industry structure

Despite not scoring highly in the determinants of location, the improvement in information technology emerged as an important factor during the interviews and was regarded as an enabling factor amongst those firms that were located outside the city centre. The

³⁴ Parking was introduced to the set of determinants of location represented on the cards as it arose as a popular factor in the first set of interviews often raised when respondents were asked if there were any other factors they considered important in selecting their business location

possibilities relating to technological advances were two-fold. Firstly, firms were advantaged by new means of communication. With significant interactions taking place via email, it was felt that they could conduct their business more remotely. These interactions were still underpinned in most cases by face-to-face communication, particularly at the start of projects. Secondly, broader structural changes in the sectors related to technological advances seemed to have resulted in a degree of democratisation in both sectors, allowing very small firms to produce acceptable products, which previously would have required large and costly equipment.

New methods of online interaction had occasionally allowed firms to reach new markets, but more often were seen as mechanisms for facilitating relationships with local clients, enabling them to email and check work without meeting up. As the Director of an advertising agency based in the periphery pointed out: *“We’re in Altrincham which is not in the city centre and therefore we had to work out whether technology would be able to overcome the fact that we are not on the doorstep of some of our clients. That was a decision we felt very happy with: that technology could overcome any potential issues of not being able to physically take stuff to a client to present it. The reality is that none of our clients are actually based in the city centre. We have clients all over the North West and indeed across the country”*. Another respondent based in the periphery echoed this by saying *“I think it’s only the fact that we can work remotely which allows us to be here”* (Director, production company, Bolton).

Many of the firms felt that emails and phone calls could facilitate client relations and, although usually some face-to-face meeting was still necessary, some participants had completed work for clients without ever meeting them. For example, an integrated advertising firm in Sale had done several pieces of work, including designing a website for a client in Swansea with whom they had never met face-to-face. It was felt by the Manager of a workspace in Salford that businesses located within such space had been encouraged to decentralise to there rather than choose traditional locations like the Northern Quarter because *“presumably because what they do is over the phone or the web”*.

There have been considerable technological innovations affecting both the creative industry sectors as discussed in Chapter 3. The traditional modes of distribution have been upset, more recently, by the possibility for supply via the internet and multi-channel television. The more ‘progressive’ response to recent changes in information technology has been to welcome changes. It can be claimed that new digital technology has led to

decentralisation and even democratisation. As the Director of a communications agency based in Bolton noted, *“If you’re good enough at what you’re doing, if your profile is good enough, you can pretty much be based anywhere”*.

Technological advances have served to offset some of the disadvantages of working outside centres discussed above. Sole traders and small firms can access and even own the means to produce high quality work. Small firms can deliver an acceptable product without the need for large facilities. This can be seen to positively position the local (Sadler, 1997). Many of the respondents, especially in decentralised locations, agreed on the importance of technological advances to their business viability. As the Director of a production company based in Salford put it, *“Media has changed. From our point of view, certainly in the last five years, the business of videos is now: ...You can get Sony Zed on camera, go out and shoot in High Def, edit at home on Final Cut Pro and if you know what you’re doing you can deliver a very, very acceptable product whereas certainly 10 years ago you needed the support of large facilities companies and large sound recording studios. To a certain extent it leaves you with a guerrilla approach to everything that you do, because clients expect more and more for less and less”*.

A few of the more established firms found some of the facets of the democratisation of access in both sectors problematic and questioned the quality and expertise of some firms entering the market place. The Director of a centrally-located advertising agency discussed these issues: *“People don’t value good creativity or they don’t know how to value good creativity and because every Tom, Dick and Harry with a Mac coming out of art school can say I’m a good designer... there’s no quality bar anymore. A lot of clients are not that discerning and all they really want is the cheapest solution to the problem”*.

Despite not scoring highly in the interviewees’ rankings of location factors, technology has therefore enabled firms to locate in the periphery, as well as altering the business practices of those in the centre. This has made it theoretically possible to be located anywhere, but clearly firms in the city centre were still attracted there by a range of factors. Firms based in the periphery had also made decisions about their location based on a range of the mainly hard assets of place.

9.5 A typology of linkages

The previous sections have explored the various ways in which access and connectivity were seen to be important to the firms in both the periphery and the centre of the case study. This section now explores the nature of these linkages. It is important to look in more depth at the nature and characteristics of the networks utilised by the sample. The networks are examined in three main ways: in terms of how open or closed they were, how locally or externally focused and, finally, how supportive the local networking context is.

9.5.1 ‘Know how’ or ‘know who’³⁵?

As briefly mentioned in section 9.3.2, the business networks appeared fairly closed. This was particularly true for film and television firms for whom the networks seemed extraordinarily exclusive. As the Director of a production company based in Salford explained with regard to freelance staff whom he employed, “*Nearly all the people I work with I’ve worked with before*”. Several respondents detailed how they worked only for and with people for whom they had worked for in the past. As the Director of a location film and TV crewing company based in Salford Quays outlined, “*If you’re not in a network you don’t get. There’s very little cold call business that happens in this industry. It’s all on trust and reputation...It is what you know. You’ve got to be capable, but you have to be known. It’s very difficult to get a door open without knowing someone or having a reputation that people have heard of*”.

All the participants engaged in these very closed networks strongly stated that the quality of their work was just as important as the links, expressing this as being “*only as good as your last job*” (Owner, post-production facility, Manchester City Centre) and saying you “*live and die by your reputation*” (Director, communications agency, Bolton). The evidence from this study supports the findings of the previous research into the creative industries that found it quite common for firms and individuals who worked together in the past to reassemble for other project work aided by their past experiences. As Grabher (2002b: 252) put it, “It is ‘know-who’ rather than ‘know-how’ which dominates these networks”. It is essentially a ‘reputation’ business.

³⁵ Grabher (2002b: 252).

The level of exclusivity found particularly within the film and television sector can be seen as problematic, as strong internal ties may limit exchange between networks and produce negative effects. The effects of tight local networks are seen to become most negative when they become exclusionary, which again did seem to be a characteristic possessed by this sector in Greater Manchester. Fukuyama (1997) suggests that these negative effects are associated with nepotism and opposition to change, resulting in networks which may be slow to adapt and innovate. A large network of weak ties (Granovetter, 1973) has been advocated over a small network of strong ties, which can cause cliques, stagnation and ultimately 'lock-in'.

An interesting example of genuine collaboration and ideas sharing was that of the managed workspaces in Salford discussed in section 7.4.3. The variety of the tenants, the communal spaces of activity and the slightly less commercial outlook of the firms there seemed to result in a range of opportunities to work together and share ideas. This approach was seen by the tenants as co-operative ideas sharing, but had also resulted in commercial opportunities. Several participants had worked with other tenants on projects, often not from the same industry sector. For example, a firm producing music videos had worked with bands also based within the workspace and another firm producing films about museums had collaborated with artists based there. These opportunities were valued by tenants: *"Networking is important isn't it, especially when we've been working with a lot of the bands who are also resident in the building...A lot of this stuff is building for us now because we've been here a year. We're just starting to realise the benefits of where we are... I don't think when we moved in we didn't think right there's gonna be great networking here"* (Director, production company, Chapel Street, Salford). This was also the case for a firm in incubator workspace at the International Media Centre at the University of Salford. The Director of the production firm based there described his interaction with other tenants in the space: *"I lend them bits of technical kit, they lend me bits of technical kit. I ask them questions, they ask me. I went for coffee with an editor at lunch"*.

9.5.2 A small pond?

As discussed in section 9.4.1, the firms based in the periphery tended to have more locally focused markets. Many of the firms in the city centre were also orientated to a North West

or wider Northern market, but some firms based in the centre saw themselves as competing with London-based firms, enabled by strong external connectivity: *“I think the advantages are that in Manchester or the North West you can still be a relatively big fish in a relatively small pond. There’s probably a group of about 4 or 5 agencies of our size that are getting a decent reputation now ... We’ve all grown to a decent size, with decent clients and it has been relatively easy in Manchester”* (Creative Director, advertising agency, Northern Quarter). Firms from both sectors tended to problematise perceptions of out-of-London production, but to a certain extent it was felt that attitudes were changing.

As one would anticipate, the participants contrasted a positive view of Manchester against a dimmer perception of London. Often firms did not engage with London and blamed a negative view of out-of-London creative production. The creative industries are heavily London-centric as Table 6.3 demonstrated. There was seen to be a North-South divide or, as one participant described, an *“inside M25 and outside M25 divide”* (Director, advertising agency, Northern Quarter). It was felt amongst firms within both sectors that, due to this negative perception of out-of-London production, certain clients would not use a firm based in Greater Manchester. As the Creative Director of an advertising agency based in the Northern Quarter explained, *“There’s a limit to the type of clients that are based in the North West. There’s a type of client that obviously only wants to deal with agencies that are in London”*.

Particularly within the film and television sector, but to a certain extent within advertising as well, there was some mention of barriers surrounding perceptions of the available infrastructure and facilities. One participant reckoned that London-based clients would be ignorant of the level of expertise which could be provided by a firm outside London: *“People talk about Manchester and say ‘Can you get that in Manchester?’”* (Director, location film and TV crewing company, Salford Quays). Some participants did recognise a degree of parochialism and “chippyness” (Director, advertising agency, Altrincham) to business relations in the North West, but reckoned that Manchester compared favourably with other Northern UK cities, particularly Liverpool. One participant noted that this view could manifest itself in the commercial world, with people settling for less. It was suggested that firms in North West would work harder for less money and that firms tended to get the work that London agencies do not want to do.

There was some evidence, however, that perceptions were beginning to change. A number of participants were very positive about using their ‘Manchester brand’. As the Director of

an advertising agency in the Northern Quarter explained, *“It depends what you’ve got in your locker...we do some fairly high-profile things with people who could work with agencies that are anywhere. Nobody perceives us as backward in terms of what we do and so in that respect Manchester is like a bolt-on”*. The MediaCity UK development was seen as helping to augment a change in attitudes: *“I think it’s good for Manchester. I think we’ll get better creative people in the city, because you know you’ll have writers and producers and actors, more of that kind of stuff. Whether it will affect agencies per say I don’t know, but I think it’ll be a good buzz and will make us even more recognisable as a centre of creative excellence* (Director, advertising agency, Manchester City Centre).

9.5.3 A supportive context?

Finally, participants were asked about the networks of business support, funding and intervention. The size, nature and age of the businesses had an influence on how important they viewed collaboration and public-sector networking events. A few of the younger ventures saw public-sector networks like Creative Industries Development Services (CIDS) as helpful. Overall, many of the firms were sceptical about networks organised through public-sector agencies and also about formal industry networks. Indeed, the public-sector agency networks were generally regarded as ineffectual.

In terms of formal attempts at collaboration, many of the participants had attended local networking events at some stage, with mixed but mainly limited benefits. The networks of business support appeared to be of little advantage to respondents, with very few getting any kind of help and many noting challenging aspects. Particularly problematic appeared to be the lack of specialist advice. Aspects of this are in line with the results of a survey on the demand for development services undertaken by Manchester Enterprises (2007) where mainstream support services were seen as lacking sector-specific knowledge and commercial awareness.

In terms of the formal industry networks, which would be sector-specific, firms problematised the London-centric nature of the links. One participant explained the challenges in detail with reference to the Institute of Practitioners in Advertising (IPA): *“They do some fantastic events, but they’re all in London and they do breakfast seminars, but how can a Manchester agency send a delegate to a breakfast seminar. They’re going to*

have to go down the night before, stay overnight, 200 quid on a train fare, 200 quid expenses, 400 quid to go to a seminar that costs 50 quid. It's bonkers" (Director, advertising agency, Manchester City Centre).

This appeared to be a challenge for support in both sectors where support tended to be divided between in-London and out-of-London. This division was not seen as useful in terms of providing support to firms in the out-of-London category. The same participant then commented on the regional support framework of this network by saying: *"IPA have this thing called regions, which is everybody outside London. They started these regional training courses where they'd say 'oh we're going to run a training course in Bristol', now how helpful is that to somebody in Newcastle? You might as well go to London, so what's the point? We get treated like the poor relations and it really winds me up"* (Director, advertising agency, Manchester City Centre).

Many of the firms did not view themselves as collaborators and critiqued the available networks on the basis that they would not gain clients through them. They also felt that the support was often too focused on start-up firms, neglecting more established firms hoping to grow. This was again echoed in the results of the Manchester Enterprises (2007) survey of the demand for development services. Sector-specific support which took place locally was critiqued for its lack of uptake. Generally these networks were seen as useful only to firms just starting up and, problematically for respondents, were not seen as worthwhile as they did not lead to work.

This scepticism of formal networks is in line with previous research into the sector. For example, in a study by Banks et al (2000) of cultural entrepreneurs in Manchester, informal networks were found to be more important, as it was found that risk was minimised by word-of-mouth, social networks, clusters, knowledge specialists and clients. This was exemplified by the relationships between promoters, DJs and musicians who were found to rely heavily on friendship and collaborative networks. That study also found that expert systems (official business structure support, banks, loan agencies, grant makers, social welfare services) tended to be "ignorant of their personal and sub-sector needs" (Banks et al, 2000: 459). This would also suggest the necessity for a greater level of reliance on less traditional and perhaps more informal networks. This means that the sector is more reliant on 'active trust', which can be defined as a more individualised form of trust based not only between individuals themselves, but also between those individuals and the social institutions of the state. As, however, expert systems are inappropriate and difficult to

access, personal relations prove crucial, with these networks of collaboration helping to offset the problems of funding and training (Banks et al, 2000). The evidence from the present study is similar. The fact that my participants largely saw the relevant expert systems as unsupportive may have correspondingly entailed a greater reliance on individual action, through informal social networks, both locally and more widely.

9.6 Conclusion

This chapter has looked at the influence of factors associated with communication on location choice. Transport connectivity was the most highly ranked determinant of location in the interviews scoring 20.1% of the combined weighted rankings. The vast majority of the firms found transport linkages fundamentally important and to be a strong asset of Greater Manchester as a whole. The traditional urbanisation advantages associated with strong transport linkages, chiefly accessing staff and clients, were not diminished for the respondents.

For firms based in the centre, the nexus of good transport links was a particular advantage both in terms of client acquisition and staff commuting. The benefits of the transport connectivity were more important to these firms than opportunities to network and share ideas with other firms concentrated in close proximity and, in fact, many interactions regarding ideas sharing took place online or over the phone. This diverges somewhat from the dominant literature and may be related to the nature of the two case-study sectors in question or possibly to the specific context of Greater Manchester.

Firms based in more peripheral locations also saw the strong transport links as an essential enabler, allowing them to locate in decentralised areas across Greater Manchester. These links were seen as crucial for both staff and client access and were seen as a regional asset. Technology had certainly enabled some decentralised working, but was not a dominant factor determining location choice amongst the firms. Those firms who had located in more peripheral areas were generally there to access lower cost space. Parking costs and congestion were also frequently cited as a drawback of a city-centre location.

Some firm characteristics can be identified amongst those more likely to select a central location, in relation to communication. Firms with less profit-orientated or more routinised

activities, often with a local market, were more likely to locate in less central areas, having been enabled by improvements in technology and good local networks for commuting, with easy access to motorways. By contrast, firms with high profile and growth-orientated creative activities were more likely to select a central location. This allowed them to access strong external linkages in order to build a broader client base and establish good local linkages for staff commuting. Some evidence was found to suggest that the smallest and youngest firms locating in managed and incubator workspaces (as seen in section 7.4.3) were able to access opportunities to network and collaborate internally, although this was not the key determinant in their location choice.

10 Conclusions

10.1 Introduction

The research reported in this thesis has aimed for a better understanding of the nature and relative strength of the factors influencing the intra-urban location of economic activity in the creative industries. It took as its starting point Castells' (1996: 67) claim that "We are witnessing a point of historical discontinuity" related "to the emergence of a new technological paradigm" (See p.20, above). Castells was referring to the implications of growth of knowledge-based industries at all spatial scales and for the processes of uneven development generally. It became apparent at the start of the present study that up till then (2005) relatively more attention had been given to the inter-urban and indeed international scales than to the intra-urban geography of the economic transformation. The primary focus had also been on a small set of global cities. Hence the decision to focus this study on the regional city of Manchester which, while seeing a decimation of its traditional manufacturing industries over the previous three decades, had by the beginning of the 21st century built up one of the UK's largest concentrations of creative industry activity outside London. The choice of Manchester for the case study was also informed by the strong public sector push behind an economic regeneration strategy. This had been partly based on the creative sector and by the associated claim that focusing efforts on the rejuvenation of the conurbation's core would also bring economic benefit to the outer parts of Greater Manchester that had, if anything, suffered a sharper decline in economic fortunes in the 1960s and 1970s than its core.

The purpose of this chapter is to provide a reflective review of what has been achieved within this study. The structure of this final chapter is as follows. In the next section the research is placed within the existing theoretical context of location theory and the eclectic approach of this thesis is explained and reviewed. The chapter then goes on to evaluate the research approach. After a reminder of the original aim and the research questions guiding the study, the choice of methodology is reviewed in section 10.3. The main contributions and findings are then discussed in section 10.4. Here the key factors affecting the spatial organisation of firms are highlighted using the determinants of location which were developed from the literature and explored in detail in chapters 6-9. The latter part of

section 10.4 emphasises how firms which share a similar spatial rationale also tend to possess common characteristics and builds on this observation with an account of the spatial behaviour of firms over their lifecycle. The implications of these findings, in terms of their contribution to the research agendas underpinning this study, are explored in section 10.5, while section 10.6 considers their implications for policy intervention and section 10.7 draws together the conclusions of the study. Section 10.8 then reflects on the research approach and the selection of methodological tools. Section 10.9 goes on to suggest priorities for future research, including exploring the transferability of this study's main findings, and section 10.10 makes some final remarks.

10.2 Theoretical context

10.2.1 The development of industrial location theory

Since its inception in the early 20th century, industrial location theory has broadened and deepened significantly, experiencing considerable diversification from the 1960s and 1970s onwards. The literature review in Chapter 2 identified the richness of the multiple approaches generated by the more recent resurgence in location theory, rather than the development of an overarching theoretical framework within a single paradigm. Nonetheless the present study also drew on the earlier traditions in location theory in a number of ways and found strengths in some of the assumptions, concepts and methods established within them. This section identifies the main theoretical traditions and the points to the particular insights gleaned from each of them. It starts with traditional location theory, then considers the behavioural approach, structural analysis and uneven development, including theories of agglomeration.

One of the earliest and most notable figures in the development of industrial location theory, Alfred Weber developed the least cost model for single firms with an emphasis on the cost of the transportation of materials and goods (Weber, 1929). For Weber the best location was where the costs were minimised. The main emphasis of his work was on the cost of transportation involved either in assembling materials at the point of manufacture or in delivering the finished product to market, dependent in this context chiefly on the weight and bulkiness of the product. This was obviously most relevant to manufacturing rather than services, which were not considered to be mobile. He also took account of

labour costs, specifically the availability of cheap labour (Bale, 1976), and of agglomeration/disagglomeration advantages, which might be obtained by proximity, but he did not take account of the location of competitors. Smith (1966) extended this approach towards a more real-world scenario by acknowledging that the least-cost location was not essential for economic survival. He adapted Weber's ideas to develop a notion of a zone of profitability, beyond which a loss would be made hence defining a spatial margin for profitability. The Weber model, and its extensions, operated with a simplified view of linkages between firms and, in response to this, later work added more complexity in terms of the sort of linkages likely to affect location choices, including flows of material, exchanges of information and other input-output links (Bale, 1976). Neo-classical location theory, as exemplified in the concept of Marshallian industrial districts, concentrated on the nature and degree of vertical and horizontal specialisation and involved a very heavy reliance on market mechanism for exchange. Here particular emphasis was given to the importance of firm propinquity in generating advantages including the recruitment of skilled labour and the rapid exchange of commercial and technical information through informal channels.

Across these more normative features of industrial location theory is an assumption of a rational firm, motivated solely by profit maximisation and possessing perfect information about all aspects of the decision making process. In reaction to the perceived lack of application offered by normative industrial location theory, related to the level of abstraction, a behavioural approach developed to try and take account of sub-optimal behaviour in the choice of location. Rather than taking a view of the 'rational firm' as an 'optimizer', behaviouralists like Pred (1967) emphasised the more real-world 'satisficer' seeking a course of action with a satisfactory or sufficient outcome. This was influenced by the recognition of the importance of other aspirations besides profit maximisation such as quality of life, amenities or strong personal attachment to a particular place, and also allowed for decision makers having access to only incomplete knowledge of both present and future, thereby incorporating notions of probability and uncertainty. It further acknowledges that decisions are taken often with urgency with the aim of risk minimisation.

Behavioural location theory brought individual firms and their differences centre-stage, and drew attention to non-economic as well as economic location factors. Also, in contrast to previous work which had considered location factors at one point in time, this approach recognised how decisions from a previous period affected those in the next. The

behavioural matrix “accommodates complex locational processes, changing locational choice over time, with information accumulation and the births and deaths of firms in the economic landscape” (Bale, 1976: 87). Perhaps most appealing from this view of location theory is the sense of decision-making taking place in a real-world context, which is backed up by a range of empirical work demonstrating the ways in which actual decisions are likely to deviate from normative location theory. It remains a simplified account, nonetheless, and the role of personal reasons, seen as prompting sub-optimal decisions, are underplayed as it is very hard to formulate a general theory which captures the full range of possible motivations (Smith, 1981: 116).

Another strand of location theory developed in this period emphasises the role played by large organisations – public agencies as well as corporations – in influencing the distribution of economic activity. There is a connection here with behavioural theory in that large firms have more control over their operating environment than small firms, so the attitudes and decisions of their owners and managers can be more influential. Within a large firm, non-spatial investment (such as business takeovers or restructuring plans), as well as expansion/contraction decisions, may have impacts on location, as exemplified by the spatial polarisation of economic growth with some regions performing more strongly than others. Moreover, some sectors with extensive backward and forward linkages were seen as possessing the ability to transmit growth impulses more widely through the economy. This spurred an academic and policy interest in the 1960-70s in the role of agglomeration economies, seen to be under-investigated by Weber. Agglomeration economies result in differential rates of growth across regions and nations, with leading cities potentially drawing in skills and resources from other places and exacerbating spatial inequalities.

Motivated by an interest in uneven development, this research has subsequently broadened out into other disciplines including sociology and political science and resulted in more fragmented, but perhaps ultimately beneficial, contributions to theory. One of these centred on the structural approach based on a Marxian analysis which criticised normative location theory for its abstraction from reality and its isolation from the broader societal context. With a central focus on the spatial division of labour, it suggested that industrial location research should take account of the social implications (and causes) of shifts in industrial activity (Massey, 1984; Chapman and Walker, 1991). Firms were said to respond above all to differences in the organisation of labour, and would seek out locations where workers relatively quiescent and malleable. In some cases these would be within lagging regions of

the same country, or increasingly within poorer countries elsewhere, thereby creating an international spatial division of labour. Within these structural studies of industrial location, the influence of processes operating at the macro-economic level on the individual firm is emphasised (Massey and Meegan, 1979). Firms are not autonomous entities, rather they operate within economic environments that may pressurise them into pursuing business strategies (such as rationalisation or technological change) that have significant locational outcomes. Location factors are understood not as external, independent influences on business decisions, but as intimately bound up with the whole process of industrial growth, change and reorganisation. This process reflects wider economic circumstances as well as spatial conditions.

10.2.2 Towards an eclectic approach

Against this backdrop of the continuous development and diversification in industrial location theory, the choice of approach for the present study was influenced by Chapman and Walker's (1991: 30) acknowledgement that, "No one mode of explanation has a monopoly of insight". Indeed Chapter 2's discussion of whether the emergence of a 'new' economy involved a new spatial logic took a step further back by questioning whether location theory still had any relevance at all within the context of reduced transportation costs and the trend towards weightless outputs (Cairncross, 1997; Friedman, 2006). It was, however, concluded there that, despite the many anticipations of the 'death of distance', the structural changes in the economy that have resulted in an increasingly central role for knowledge and information do not seem to have reduced the importance of the role of place to the economy due to the advantages provided by proximity (Pratt, 2000). Recent research arguing that urban concentration was the dominant spatial pattern for the location of knowledge economy firms provided the basis for assembling a set of factors likely to encourage a central location (see Table 2.6). These included agglomeration advantages (Gordon and McCann, 2000; Marshall, 1920) and theories of clustering and social networks (Porter, 2001). They also encompassed the recent resurgence in interest in the role of quality of life and other more intangible factors (Florida, 2002). These factors were envisaged to operate within a 'complex space of flows' where they would be traded off against the forces of disagglomeration, such as congestion and high property and labour costs in cities (Convery et al, 2006; Storper and Manville, 2006). Agglomeration economies might be all the more powerful – and diseconomies of congestion and pollution

all the less significant – in an economy dominated by information, knowledge, creativity and innovation rather than manufacturing of routine commodities with bulky inputs and outputs and detrimental environmental consequences.

The approach of drawing on the assumptions, concepts and methods of a number of different disciplines was seen as particularly relevant to achieving a better understanding of the spatial organisation of the creative industries sector, as argued above in Chapter 4. In particular, Table 4.3 summarised the key findings of previous research, in terms of the place-based factors likely to prompt the choice of a more central or less central location. These accounts tended to emphasise a strong compulsion amongst creative industry firms for co-location (Rantisi et al, 2006; Reimer et al, 2008), which partly relates to the characteristics of the sector including firm size (small in order to remain flexible), the lifecycle of the product (often ephemeral) and the nature of employment (frequently involving temporary and project-orientated contacts). The emergence of areas with concentrations of creative industry activity was also seen to be the result of a very complex interplay of factors as illustrated by historical accounts (Drake, 2003; Hutton, 2004). At the same time, the very features which seemed to encourage this spatial pattern raised a paradox of these industries being very vulnerable to displacement (Hutton, 2006; Zukin, 1988).

Within this thesis the tradition of research in this area was drawn upon, but with an effort to recognise a range of theoretical frames. The eclectic approach followed in this research can be explained in simple, summary terms as follows. From the neo-classical approach came recognition of the importance of locational costs in business decisions, including land and labour. Transport connections also feature strongly in this theoretical tradition. From behavioural analysis came a recognition that firms are also influenced by non-economic factors, such as the quality of life and personal preferences, which led to the exploration of more intangible and personal factors on location choice. From the structural tradition came an awareness that firms are conditioned by wider economic circumstances as well as locational attributes, and that location decisions should not be analysed in isolation of what is happening to the firm more generally. Thus the wider context of change, economic, demographic, social, cultural and so on, in the conurbation was taken into consideration to contextualise the empirical findings. From agglomeration theory came an understanding of the complex linkages that operate between firms, including knowledge and information. These are particularly important in service and knowledge-intensive industries, as exemplified by the creative sectors.

Combining the several strands of research from the broader knowledge economy with the existing empirical evidence on the decisions made specifically by the creative industries led to the identification of a complex set of factors as the starting point for this study. By taking account of the various traditions in location theories the aim was remain open to all the different possibilities that might help to explain the spatial patterning of the creative industry sector in a transforming regional city like Manchester. This approach accepts a potentially important role for contingency in the wider context, especially that of an environment influenced by the legacy of previous economic activity, as well as other historical and social factors. In reflecting on the robustness and utility of adopting an eclectic theoretical framework it is considered that this study could not have taken any other action. In order to explore and gain more understanding of a young and complex industrial sector a single theoretical frame would have been too constraining. The chosen approach allowed exploration which resulted in a study which could be open to emerging themes.

10.3 Research aim and approach

The overriding aim of this study has been to gain better understanding of the ways in which space and place matter to the creative industries. The empirical work carried out for this research focused on determining whether there is a dominant spatial logic guiding creative industry organisation and development. The findings were intended to contribute to knowledge regarding the central dynamics and processes of creative industry activity.

To focus the investigation, a set of three main research questions were developed.

1. What is the spatial pattern of development for the selected creative industry sectors in the case study area and especially how concentrated are they on the central core as opposed to the other parts of the urban area?
2. What are the dominant determinants of firm location in the case study area for the selected sectors?
3. Are there common characteristics possessed by firms behaving in similar ways in relation to space?

These research questions were crucial in informing the methodological approach and therefore the data used in the study.

As described in Chapter 5, the study adopted mixed methods which combined qualitative and quantitative data. Quantitative data was used to identify spatial patterns of creative industry organisation and to select the case study sectors. The majority of the empirical data was collected using a qualitative approach to explore the rationale behind the observed patterns.

A case study approach was considered most appropriate for the research and significant rigour was employed in selecting and defining the most suitable location for the study. The choice of Greater Manchester was informed by a set of criteria, most importantly a critical mass of out-of-London activity and the nature of conurbation as a region with a clear core-periphery relationship, as well as a diverse range of sub-centres within the periphery. The two case-study sectors, of advertising and film and television, were selected after the initial stage of quantitative work, which calculated location quotients to highlight the degree of spatial concentrations of activity across Greater Manchester for all the creative industry sectors for which there existed usable statistics. The rationale for selecting two sectors with differing spatial patterns was to highlight any commonalities or divergence within the creative industries in how they experience space and place. The level of transferability of the findings will be discussed in greater detail in section 10.9.

The majority of the qualitative data analysed in the study was derived from semi-structured interviews with 28 firm directors who held decision making powers over the location of their firm. Structured information was also gathered from these participants by getting each of them to identify and rank their firm's top five locational requirements. A further 18 interviews were conducted with policy makers, workspace managers, industry professionals and stakeholders with local knowledge of creative industries in Greater Manchester, primarily in order to provide broader contextual information including their views on economic development strategy and other policy agendas.

10.4 The main findings

This section draws together the key findings in relation to the three research questions developed for the study, as set out in Section 10.3 above. The account below is largely

descriptive, leaving for the subsequent sections the fuller discussion of the significance of the results for location theory and policy agendas.

10.4.1 The spatial pattern of the two selected creative industry sectors in Greater Manchester

The first of the research questions concerned the spatial pattern of development for the selected creative industry sectors in the case study area, especially how concentrated they are in the central core as opposed to other parts of Greater Manchester. Overall, the quantitative mapping stage of the research indicated a high degree of central concentration. This was particularly the case for the film and television sector, but even the advertising sector – which was the least centralised of the creative industry sectors for which relatively reliable employment statistics could be assembled – was found to have quite a strong central tendency. For advertising, only three of Greater Manchester's 10 districts had a greater than average representation (as indicated by a location quotient above 1.0), but for film and television only two had, indicating an even higher degree of concentration at this scale. Nevertheless, there was felt to be just enough difference between these two sectors to expect that they were influenced somewhat differently by location factors. In particular, unlike for film and television, it was not the Manchester City district that had the highest proportion of advertising in its employment structure but Trafford (see Table 6.4). In similar vein, according to the ward-level mapping of location quotients in Figures 6.6 and 6.7, advertising was somewhat more strongly represented than film and television in the most peripheral parts of the study area.

The more qualitative stages of the research provided further evidence of the importance of centrality. As set out in section 6.2.2 above, the decision was taken to define the centre of Greater Manchester in the tightest terms, at least as a working hypothesis, namely as the Manchester City Centre Plan area. In fact, as the interviews progressed, it was found that even this was too generous in one respect. It was found that the Chapel Street area of Salford, which had originally been included in the centre, was viewed as being rather peripheral to the rest of the city centre and not having the same level of geographical advantage. The latter was seen to reduce the growth potential of firms in this area through limiting their access to labour, brand identity and external connectivity.

10.4.2 The dominant determinants of firm location in the selected sectors

The second of the research questions aimed at identifying which were the dominant determinants of location for firms in the two selected creative industry sectors in Greater Manchester. From the ranking exercise undertaken as part of the 28 firm interviews (see Chapter 6), three themes clearly emerged as more important than the others: connectivity, place reputation and cost of land and property. This was also largely the case when the results for the two sectors were separated out, with the one major exception being that place reputation was found to be more important for advertising firms than for those in film and television. The main conclusion therefore is that, for the most part, the firms in both sectors seem to be most sensitive to the 'hard assets', as represented here by transport and communication factors and the availability and cost of space, that also loom large in previous literature on location theory. The rest of this section looks at this finding in more detail, taking each of these three sets of determinants in turn.

The most highly ranked determinant of firm location in the interviews was connectivity, which largely transcended differences between the two sectors. As discussed in detail in Chapter 9, the vast majority of the sample found access to transport linkages fundamentally important and a strong asset of Greater Manchester. Manchester City Centre was found to be at a particular advantage by being located at the nexus of good transport links. The urbanisation advantages of strong transport linkages were therefore not diminished, but this was, in the main, not for transporting goods or materials as with normative location theory, but for accessing clients and skilled labour. One of the main considerations for firms with London-based clients was the strength of the external connectivity of the centre. Activities based in the less central parts of the case study area also saw strong transport links as an essential enabler, but for them the sub-regional and local linkages into the city centre were generally more important than external connectivity. There was evidence of some firms locating in more decentralised places to be better able to access other parts of the North West region and, along with this, to avoid the congestion and parking costs of the core.

The cost of space, like connectivity, was found to be important to both sectors. This led to a detailed examination in Chapter 7 of the nature of the spaces being used for creative production. The findings from the interviews reinforced the picture conveyed by existing literature that certain areas had emerged with concentrations of creative activity in Greater

Manchester and that the availability of low cost space had been a significant aspect of this development. Contrary to bid-rent theory³⁶ central space had become available at a low cost in the 1970s and 1980s due to industrial decline and urban decentralisation. Historically, a number of these spaces in the city centre of Manchester had emerged as sites of creative production and consumption, notably the Northern Quarter. On the other hand, as mentioned above, there was evidence suggesting that the sustainability of creative space in the city centre had to some extent been undermined by the extensive commercial and residential development of recent years.

Finally, place reputation, the other factor in the top three overall, was of particular significance to the advertising sector. According to the findings reported in Chapter 8, notions about quality of place were most strongly associated with the city centre. This part of Greater Manchester offered by far the greatest opportunities to consume leisure and culture. Participants identified a feeling of ‘buzz’ that was being augmented by the extensive regeneration of recent years. In particular, according to the interviewees in the advertising firms, the ‘Manchester brand’, associated with the image and amenities of central Manchester, was crucial in attracting both clients and staff. Indeed, there was no evidence at all from these firms that this was related to a personal preference amongst firm directors for city living. Meanwhile, some of the firms outside the centre felt that they could buy into a sense of the ‘Manchester brand’ despite their more peripheral location, although some recognised that a city-centre site would have more cachet.

10.4.3 Importance of firm characteristics to choice of location

The last of the three research questions speculated on whether firms that behaved in similar ways in relation to space, especially in terms of a preference for a central or more peripheral location, possessed characteristics in common, with a particular focus on any differences between the two case study sectors. It became apparent, whilst reviewing the empirical data, that the sectoral difference seemed to play little role, reinforcing the results of the quantitative aspect of the study. Instead, the main things that differentiated the firms’ locational preferences, especially regarding their views on core versus periphery, were related to other characteristics of the individual firms, such as profile, size and function.

³⁶ See 7.2 for more detail of bid-rent theory

The empirical evidence suggested that the firms with shared characteristics of this nature sought similar assets associated with space and place.

It was found that firms which were highly specialised, in this case with a strong 'creative' profile, were more likely to locate in the city centre in order to access strong brand reputation. Ambitious firms seeking a high profile required a central location to fulfil staffing requirements. Human capital was, to a certain extent, considered to be orientated by city-centre consumption practices and lifestyles and so firms of this kind had located in the city centre to attract them. A central location also offered access to strong external linkages to build and maintain a broader client base.

Firms with more routinised functions, by contrast, were likely to be located in the periphery, as they did not need to attract the most highly skilled and creative employees and tended to be less intensive users of space. As well as the negative factors associated with more central locations like lack of space, greater congestion and higher land prices, various factors were found to attract firms into suburban areas and beyond, including workforce decentralisation, better accessibility to motorway connections and proximity to the airport.

Firm size was also found to be important. The creative industries sector is characterised by small and independent firms and by sole trader and freelance activity (Frontier Economics, 2006). In terms of business location, this may result in a desire to co-locate in order to share the economies and advantages generated by proximity to other similar firms. However, the study found that very small firms were not readily able to afford the cost of city-centre premises. For larger firms, by contrast, decisions taken regarding location involve more of a cost-benefit analysis, which is likely to preference the role of agglomeration economies including accessibility, tax incentives, available qualified labour, connections and forward and backward linkages (Musterd and Bakker, 2007). The larger firms were also more constrained in their choices by the availability of suitable property. The evidence suggested that the sample firms based in the centre were, in the context of the creative industries, medium to large in size with between ten and forty employees. Very small firms, including sole traders and the self employed, often conducted business from home, so their spatial pattern was more in line with residential preferences and therefore less orientated to the centre. More recently established firms were often found to be based in home offices or located in managed incubator workspaces. Managed workspace was said to offer a range of opportunities to help offset risk, such as networking

opportunities, flexible leasing and shared services. This was commonly associated with a more decentralised spatial pattern. Many of what are now more established firms had accessed a city-centre space at a time when the space was comparatively cheap.

A couple of very large firms were identified in the periphery, employing more than 250 staff. A peripheral location may have been necessitated by the corresponding need for large premises. There were some firms, within the sample, that required a large amount of space for their activities. This was primarily associated with the film and television sector where there was a greater variation in the types of activities being undertaken. Activities which required a larger space included film studio or kit companies which selected and more peripheral sites partly to avoid the high costs of the centre. As well as requiring a large space, they often needed to transport equipment or be accessible to those transporting equipment to them. Prospects for doing this were advantaged by location outside the congested city centre, close to the nodes of motorway linkages. By contrast, firms with activities which were largely desk-based, as with most activities within the advertising industry, or firms which had to be accessible to visitors, for example those in the film and television industry with editing suites, were more likely to locate in the centre.

These findings can help give an indication of spatial behaviour over the life cycle of a firm. Within small to medium sized firms individuals are likely to be very influential. Those who are ambitious and recognise the need to raise their visibility are likely to choose a prestigious location to improve the reputation of their firm. Most cannot afford a central location straightaway, so they are likely to begin working from or close to home, for example in local managed workspace. Those who aspire to raise their profile and recruit highly skilled staff are likely to move to a more central location. The target workers are seen to be motivated not just by pay level, but also by where a firm is located in relation to their lifestyle preferences and in order to stay 'in the loop'. In this way as a firm aspires to grow, location decisions are likely to be taken in a less personalised way. Finally, if a firm reaches a very large size, it may be able to project enough brand image to attract workers out of the centre and, moreover, business premises may become more challenging to find in the centre. By this stage of the firm's lifecycle, however, it will also be inheriting decisions made in the past, so that inertia as well as high moving costs may prevent such a move.

10.5 Contribution to research agendas

This section examines how the present study's findings compare with what the various bodies of industrial location theory say about the spatial rationale of the new economy, and in particular that of the creative industries sector, as reviewed in Chapters 2-4. The discussion needs to extend widely across existing literature because the choice of case study was partly aimed at what appeared to be a gap in the knowledge. Despite extensive research into the organisation of economic activity in the knowledge economy, the evidence base had been found patchy regarding the spatial rationale of its creative industries. Moreover, what evidence did exist had seemed to be focused mainly on the global, world or capital cities with much less knowledge regarding regional cities, despite the high policy salience of this sector in terms of regenerating these places.

This section is arranged in two parts and discusses how far the findings can contribute to knowledge about the core-periphery relationship. The first highlights ideas regarding the creative industries' compulsion to co-locate, their emergence in and colonisation of areas close to the city centre with cheap space, and the influence of factors relating to quality of life. The second part assesses what the fortunes of the periphery can be understood to be, based on the study's findings. The disagglomeration advantages of less central sites, such as property to purchase and local transport, are identified alongside a possible process of displacement from the city centre.

10.5.1 Privileging the core

This study has demonstrated that, within Greater Manchester, the city centre provides a considerable pull for the firms included in the case study. This is broadly consistent with observations in that part of the literature which argues for the continued importance of geography and the 'power of place' in a globalised world (Christopherson et al, 2008; Morgan, 2004; Pratt, 2000; Scott and Storper, 2003). Factors associated with agglomeration, as developed by Marshall (1920) and Scott (2000), were crucial to the firms in the sample. Amongst those firms who were able to afford the high price of space in the city centre, great emphasis was placed on the benefits that this location provided for the ease of access both to the labour pool and its clients that is offered by the effective density of the core. The importance of access to labour is clearly supported by existing

literature (Gordon and McCann, 2000; Polese and Sheamur, 2004; Scott and Storper, 2003). The high level of external connectivity by rail offered by the central area of Manchester was a particular benefit to the most competitive firms which had interactions outside the region, most notably with London. This is sometimes overlooked amongst the creative industries literature, with its dominant focus on the possibilities for local inter-firm collaboration and networking offered by a central or concentrated location. Exceptions to this would be the work of Bathelt et al (2004), Bathelt (2005) and Turok (2005).

At the same time, however, the study gave less support to the importance of co-location in the urban core alongside other creative industry firms. While co-location is often seen to benefit businesses through extending knowledge, reducing risk and sharing inputs (Banks et al, 2000; Wu, 2005), there was a lack of evidence on this point within the data generated from the study's interviews with firms. Whilst face-to-face meeting was important in terms of formal meetings with clients at the start of or during a piece of work, rather little importance seemed to be attached to opportunities of meeting face-to-face with other creative workers to share ideas.

Linked to this, the present study also turned up little evidence of spatially concentrated 'knowledge spillovers' such as described by Turok (2005). While participants did keep in contact with past colleagues and often asked for their advice regarding ideas, this was largely done via the phone or email rather than in serendipitous or arranged face-to-face meetings. Moreover, there was little sign of networks being engendered solely by the proximity of the city centre, at least not currently. According to the interviewees, this would seem to have occurred at one time within the Film and Television industry, when there were concentrations of firms close to the major clients of the BBC and Granada. As mentioned in section 9.5.1, however, these networks were said to be so exclusive and closed now that merely locating near one of these employers would be unlikely to be enough to break into the industry.

This lack of evidence of aspiration to network for innovation may possibly be related to the choice of case study area. A post-industrial city in Northern England is hardly likely to play host to the same calibre of firms as a global centre like London. This study suggests that businesses in a regional city like Manchester may not seek to benefit much from innovation generated by knowledge sharing, but instead tend to be involved in more routine functions, whether located at the heart of the conurbation or in less central areas.

The importance of being able to access low-cost workspace in or close to the city centre, however, is much more in conformity with previous studies. For instance, the concentration of creative industry activity in the Northern Quarter was shown (see section 7.3 above) to have followed processes similar to those identified by Cameron and Coaffee (2005), Barnes and Hutton (2009) and Zukin (1988). The colonisation of cheap space had led to a 'revalorization' of the area and the Northern Quarter had become a site of cultural production and consumption. Similarly, the findings suggested that, in conformity with the findings of Drake (2003); Hutton (2004) and Markusen (2006), cost was not the only consideration in how firms experienced the value of particular spaces. The development of Northern Quarter seemed to be a complex process, with the area's popularity for the location of creative industry firms being attributed to a range of factors. This included the Quarter's aesthetic appeal and the quality of the built environment, its proximity to the city centre and to the key transport nodes there, its history of creative production and the area's 'cool' image associated with its sites of counter-cultural consumption. This chimes with the conclusions of Barnes and Hutton (2009: 1252), who assert that, "Micro-geographical contingencies matter enormously for the new economy and its consequences in the form of particular buildings, streetscapes, squares, parks, piazzas and landmarks. The micro-geographical is not incidental, but the stuff of study".

The interviews also tested the quite widely accepted importance of quality-of-place as a location factor. It was found that the influence of quality-of-place assets tended to preference the centre, though this was not related to personal preference for the sort of 'people climate' advocated by Florida (2002). It was much more associated with the importance attached to place reputation for business success, especially attracting clients and staff. The city-centre amenities were regarded as linked to the sense of a 'Manchester brand', with a strong feeling that the type of employees valued by creative firms would prefer to work in the city centre. In fact, many of the directors of firms located in the city centre of Manchester felt that they were already accessing liveability by virtue of being based in Greater Manchester rather than in London. Many were willing to undertake a lengthy commute from the desirable areas of South Manchester and Cheshire to their firm location in Manchester City Centre. This could possibly be linked to the broader escalator effect (Fielding, 1992) which draws skilled workers to London and the South East early in their career. In this study, there were participants who, having worked for a number of years in London in order to advance their career, then moved (and in some cases returned) to the Manchester area in order to take advantage of quality-of-life benefits such as larger and more affordable houses, good schools and access to the countryside. The fact of opting

for a home in the suburbs or beyond, however, did not seem to influence the location of their firms, all of which were located in the city centre.

10.5.2 Favouring the periphery

The strong emphasis placed on the value of central location by the recent literature on the knowledge economy and the creative industries within it would, at first glance, seem to leave little room for those elements of industrial location theory which stress the advantages of more peripheral locations. Aspects of Weber's transportation cost model, Alonso's bid-rent model and more generally the neo-classical approach predict that businesses with less need of proximity to other firms will seek out sites with more abundant, and thus cheaper, land and labour. The study did find some evidence of creative industry firms locating in more peripheral area to avoid agglomeration diseconomies of one sort or another.

One key factor behind seeking out a more peripheral location can be traced back in industrial location theory to the behavioural school of thought, namely the quest to reduce risk. While this is more normally associated with firms putting a distance between themselves and their keenest competitors and attempting to cover their own section of the market, two other aspects of risk minimisation were more frequently mentioned in the study's interviews with firms. One was the purchasing of premises which was generally more affordable in the less central locations, in line with the Alonso model. They felt that this offered them a key mechanism for offsetting risk, which is divergent from traditional views (Fothergill, Monk and Perry, 1987) about small firms purchasing property, as discussed in section 7.4. Purchasing property was seen to reduce risk by providing an investment and giving firms increased control over their business premises.

Accessing managed workspace, where services were shared, was another method of reducing risk, particularly amongst very small and young firms. It may be that this method of offsetting risk was regarded as an alternative to cultivating strong networks. On the other hand, one site of genuine collaboration and networking was identified in the managed workspace based in a former mill in Salford. The firms interviewed within this workspace had all collaborated with other individuals and firms based there and informal networks had been facilitated by communal spaces and events. The sense of trust engendered by co-

location had been crucial to these processes. Despite this workspace being relatively close to Manchester City Centre, it lacked some of the assets in the immediate area that firms in the centre had ready access to, notably in terms of transport linkages and amenities. The character of these firms diverged from those based in the centre in that they were more artistic and bohemian and possessed less ambition to grow in a corporate and solely profit-orientated way.

Firms located in decentralised areas had often located near transport nodes, mainly near motorways as these offices were more often supported by car travel. Some premises were, however, located near public transport such as near to the Metrolink or train stations primarily for ease of staff travel. Locating near transport links offered a further benefit of disagglomeration relating to the reduction of problems with road congestion. This was useful to firms based in more peripheral sites, as they tended to serve a more localised market than firms based in the city centre.

There was some evidence of displacement, as often identified in the literature but most frequently associated with the global city (Zukin, 1988; Hutton, 2006). Instead of being associated with global city processes, these would have been seen to be more in line with the issues discussed by Cameron and Coaffee (2005) and related to the extensive city centre regeneration of the last 10 to 15 years. There was some evidence of newly developed concentrations of activity in some areas outside the city centre, but not a great distance from it, as with the mill in Salford discussed in section 10.4.1. This concentration did not have strong links into the established firms of the sector nor does the area possess the same advantages as the city centre. The study suggests that affordable space for production within the city centre is being squeezed, preventing new creative firms from accessing premises there. This compounds the problematic nature of closed networks and makes inertia more likely. The process identified here is similar to that investigated by Pratt (2009) in Hoxton. Industrial gentrification is thought to be damaging spaces of creative production and regeneration efforts may also be contributing to this negative process. Though outside London, the Northern Quarter has similarities to Hoxton, linked to the processes of regeneration and the re-imaging of the area.

Location in more peripheral sites was, therefore, still partly determined by more traditional factors. Location outside the city centre was led by the cost and sometimes the size of premises available or occurred because the place reputation advantages did not hold for more routine and locally focused firms. There was little evidence of firms moving to more

peripheral sites in order to meet a desire for increased liveability and to be more in line with residential preferences.

10.6 Implications for policy agendas

This section explores the findings of the present study in relation to prospects for successful policy intervention. The original aim of this study was to look at how an urban region like Greater Manchester has experienced growth in the creative industries, in particular how creative industry growth has taken place and what the spatial patterning is. It was considered interesting to see the degree to which the economy of the region, which suffered huge unemployment due to structural changes in the economy, has managed to respond to economic transformation. The study also wanted to find out whether there had been any advantage in Greater Manchester not being a traditional monocentric city, but a conurbation punctuated with subcentres of varying size and prosperity. In this context, the findings of this study are in line with the sentiments of Waitt and Gibson (2009: 1244) who suggest that, “The scripting and response to regeneration stories for places is embedded in various complex and competing understandings of place identity (notably, class and industrial legacy), city size and proximity”.

As identified in section 10.4.1, the evidence from this study suggests that Manchester city centre is the main focus of creative industry activity in Greater Manchester. The traditional factors of agglomeration were identified as important in guiding this pattern. The findings of this study therefore suggest that investment in infrastructure and skills development (attraction or retention) are thought to be more important than policies aimed at developing internal networks. In terms of creating the best infrastructural setting, transport linkages were found to be of prime importance to firms in the case study sample. Manchester benefits from the natural advantage of its central position in UK and its strong external connectivity, particularly to London. Within Greater Manchester, the high effective density arising from the ability to commute over fairly large distances was also a clear advantage. Nonetheless, some problems were identified with skills, with the attraction and retention of skilled workers being identified as a key priority for the firms.

Clearly, efforts had been undertaken to attract and retain skilled workers and graduates and this was identified by the firms. The business image of Manchester which has been

marketed strongly was seen as a mechanism for attracting staff. In actuality, it was the liveability of Greater Manchester, coupled with the brand of the city centre, which offered a distinct advantage to those returning or relocating to the region from London and the South East. The residential preferences for some desirable peripheral areas in south Manchester were seen as a key advantage, although this did not guide firm location decisions which remained focused on the city centre. The study found that this more intangible idea of place image had influenced decisions about location. On the other hand, it is possible to note some negative effects associated with this branding process. There has been a process of commodification of culture within branding campaigns, which often draw on the cultural production of Manchester. In encouraging a return to the centre, it has put a squeeze on cheap space which had originally provided the seedbed for creative activity there. The gentrification of some creative areas in and around Manchester City Centre has led to the lack of affordable space in the traditional sites of creative production.

This correspondingly raises certain questions about the validity of current policy in the urban region. One important issue arising from the findings of the present study relates to the sustainability of the MediacityUK site. This area, although possessing a Metrolink to Manchester City Centre and some flagship infrastructure such as the Lowry and Imperial War Museum, lacks the vibrancy and infrastructural assets of the city centre. While the BBC provides the anchor for this development and might be thought capable of attracting firms to settle there, the findings of this study cast doubt on this. As the existing networks of BBC clients are fairly closed and exclusive, it is not clear why firms would relocate to this site, away from the benefits of the city centre of Manchester or indeed other cities like London. Even if some chose to do so, this may even serve to fracture the spatial concentration of film and television firms in Greater Manchester, with some firms remaining in the centre and others relocating to Salford Quays.

Another area where the findings of this study would seem to challenge current policy is in the provision of spaces for creative production outside the city centre. Whilst this is useful to help start-up firms and support young businesses, the regenerative capacity of this policy focus would appear somewhat overstated. For example, it is unlikely that this will contribute substantially to the local economy. Instead, the study suggests that, if businesses based in managed workspace have aspirations to grow and become more commercially competitive, they will be drawn into the city centre. Policy intervention would be better channelled into helping businesses to access the centre and the advantages that it offers, such as high connectivity. The space left vacant in the city centre during the current

financial crisis could offer valuable space for new creative industry investment. The trend of firms purchasing premises in the periphery as a method of offsetting risk, as identified in this study, is also likely to pose significant issues for firm growth and even survival during the recession.

10.7 Conclusions of the study

In terms of the spatial pattern of creative industry firms, the quantitative stage of the study demonstrated that firms within the sector had a high degree of concentration on the central core of Greater Manchester. This was confirmed by the qualitative work conducted with the selected firms from advertising and film & television. In terms of the factors determining these location choices, the hard assets of place, particularly access to clients and labour enabled by transport connectivity and also the availability and cost of space, were particularly important. The more intangible feature of place brand, specifically associated with the centre of Manchester, and its perceived advantage of attracting staff and clients played a notable supporting role. In contrasting two sectors selected for their slightly different spatial patterns in the first stage of quantitative work, it emerged that sectoral difference was of considerably less importance than other firm characteristics such as profile, size and function. The findings gave an indication of a possible firm lifecycle relating to location within the creative industries sector. Within SMEs individual preferences are likely to be very important. Where these firms are ambitious, a central location is likely to be favoured to raise the profile of the firm and help recruit the best staff. A larger firm is likely to make decisions in a more objective way that does not preference the prejudices of a single staff member, even a senior one. Inherited decisions are also likely to influence future moves.

In terms of how these findings contribute to the existing research agendas, a number of key lines were pursued. Firstly, the present study emphasises the importance of a central location which had a very strong pull for the selected firms in terms of both transport connectivity and effective density. This is in line with broader accounts of the role of place in the knowledge economy. The findings also confirmed the importance of low cost space as in existing accounts of the emergence of areas of creative production. In contrast with past studies which have claimed a central role for ideas sharing in encouraging spatial proximity, however, there was little evidence for this in the study. There was also limited

substantiation of the role of a 'people climate' as envisaged by Florida (2002) in determining firm location. Whilst brand image was important, it was not associated with personal preferences for city living.

Secondly, in terms of motivations guiding a location outside the centre, the study's identification of a problem of displacement related to the gentrification of creative spaces is consistent with the strong tradition of these accounts that can be found in the literature, not least Cameron and Coaffee's (2005) study of the particular context of extensive city centre regeneration. Risk reduction also emerged as a strong theme amongst firms located outside the city centre. This motivation confirmed existing research, but the manifestation of this in purchasing property was in contrast with past studies.

The knock-on policy implications of these findings were in several main areas. The confirmed importance of hard assets would suggest that continuing investment in transport, and skills development would help the region grow its creative sector. Within other possible areas warranting policy attention or already the focus of policy, however, some tensions existed. Whilst branding strategies focused on displaying the 'big city' imagery and promoting city centre consumption had proved an asset to firms located in the centre, the strategy of regenerating and promoting city living and city centre consumption had squeezed the spaces of creative production in the centre. Questions were also raised about the effectiveness of policies aiming to grow creative production outside the city centre, including the MediaCityUK site, due to the lack of vibrancy, opportunities for consumption, infrastructural assets and access to labour and clients, shown to help sustain creative production, possessed by peripheral sites.

10.8 Reflections on the study

How much reliance can be placed on this study's findings as reported above and could more have been done to check the accuracy of the results as well as probe more deeply into the patterns and processes of creative industry development? On the plus side, the study employed a mixed methods approach which has allowed some triangulation of study findings, thereby permitting a greater degree of confidence in the results. The quantitative mapping stage of the study provided a rationale for the choice of case study sectors and allowed their geographical patterning to be identified, forming the basis for collecting the

majority of the empirical data from the interviews. The latter helped provide explanation for these patterns and give richer, more nuanced accounts of the choices guiding firm location. The choice of Greater Manchester was made with reference to several criteria, thereby aiding the generalisability of the study. At the same time, it is important to acknowledge that the research for this thesis suffered some limitations. Perhaps most restrictive was the dearth of reliable statistics on the number and especially the detailed location of businesses and employment in the creative industries. This section firstly evaluates the quantitative stage of the study before reflecting on the use of interviews.

The Annual Business Inquiry (ABI) formed the majority of the quantitative analyses. At an early stage of the study, it had to be concluded that the alternative sources of data on creative industries employment were not suitable, with the most recent Population Census being out of date and with the annual Labour Force Survey suffering from far too small sample size for studying the local distribution of even the creative industries in aggregate, let alone of its individual sectors. Nevertheless, the ABI left a great deal to be desired. The chief problem is that much of its data is itself based on estimates from a sample survey, leading to relatively large standard errors at disaggregated levels. This obviously poses a problem even with analyses for a single point in time, though the method of local area apportionment (i.e. estimating from higher levels downwards) means that, while the results for individual wards may be subject to a wide margin of error, it is possible to place more confidence in the broader picture of distribution which the ward-level data presents for a much larger area like the whole of Greater Manchester. This problem is, however, much more acute in analysing change over time, to the extent that ONS advises against its use for this purpose and does not calculate standard errors for this type of application. In fact, this is not the only impediment to time-series analysis in that, in order to provide the most useful picture of current employment, the ABI methodology is being frequently modified, leading to discontinuities between the annual sets of results. Finally, the ABI is also deficient in not covering self-employment and in using an industrial classification system that lags behind new developments in the economy – both these causing particular problems for this study because of the nature of the creative industries (see sections 3.5 and 5.4 above). While the latter weakness has partially been addressed by the introduction of the 2007 SIC in the 2008 ABI, there remains the problem of discontinuity with previous years. Given the importance attached by government policy to the creative industries since 1997 (see Chapter 3), surely it is vital that a more robust and comprehensive way of monitoring their growth be devised. Until the 2011 Census results are available, however, it seems likely that the ABI will remain the best source for highly disaggregate analyses, as

long as great care is taken in interpreting the results. Further information on all these aspects of the ABI can be found in Appendix 11.

The absence of comprehensive databases of firms with the necessary statistical information proved another setback in studying spatial patterns quantitatively. Early in the study it was concluded that it was not possible to use directories for this type of statistical analysis. The use of postcode data taken from the online yellow pages was trialled, but this was not felt to be a complete listing as some types of firms that feature commonly in the creative industries would be unlikely to utilise this sort of listing (because their customers are not individual consumers) and anyway this source did not contain any information specifically on the size of firm. The FAME database would have been a stronger candidate, if I had been aware of its existence at the time. FAME is a company and financial database. The following information may (depending on the data available) be contained in the report: SIC Code, profit and loss data, assets and liabilities, ratios, current and historical credit scores and ratings, current and previous directors, contact names and positions, holding companies and subsidiaries, and audit details. It appears, however, that even this database would not have provided the comprehensive statistical data needed. While it could have been used to assemble a list of head office addresses which could then have been mapped, FAME would still not have allowed an analysis that took account of firm size in terms of either financial turnover or employee numbers. This is because FAME's data on these two characteristics is seriously incomplete, at least for creative industry firms, presumably due to the fact that it is voluntary for businesses with an annual turnover of less than £24million to submit information on these.

Other directories were, however, much more useful in helping to identify a population of firms from which to select the interview sample. As described in Chapter 5, online directories and listings held by organisations like CIDS and D&AD proved extremely helpful in building up an inventory of the names and addresses of firms to contact for interview. Instead, the main challenge was persuading the selected firms to participate in the study. Even among those who were receptive to the idea, the interviews were sometimes difficult to arrange because of the pressurised work schedules of the participants and also the difficulties of conducting the study at a distance. Perhaps not surprisingly, therefore, the response rate to approaches made by phone and email turned out to be low, at around 30% out of the 70 firms targeted initially. This was in spite of the considerable effort expended in trying to boost the sample size, with individual firms being contacted up to 5 times. A snowballing method was adopted further into the study to

increase the number of participants, thereby improving the overall response rate. In the end, interviews were carried out with 28 firms, which contained a relatively even balance between the two case study sectors of advertising and film and TV and also between the centre and periphery of the case study area – the two primary dimensions of analysis. It is recognised, however, that a larger sample size would have allowed a more statistically defensible breakdown by other dimensions that were found important from the analysis of the interview data, such as the age, size, experience and organisation of the firms. It is also regrettable that it was not possible to establish how representative the 28 firms were of the whole population of firms in these two sectors because of the lack of comprehensive listings containing the requisite statistical information. As just mentioned, while the FAME database comes closest to providing this, it still does not distinguish fully between creative and non-creative firms, nor does it even contain sufficiently comprehensive data on firm size.

Turning to the interviews themselves, it is recognised that the value of the information derived from them can be compromised by the participants having only a partial picture of their firms. In this case, however, the study specifically targeted directors with decision making responsibilities for their firms and, no doubt helped by the fact that most of the firms were small, these individuals proved to have an intimate and holistic knowledge of why the firm had done what it had with regard to location. In addition, great pains were taken during the firm interviews to ensure that conceptual clarity was achieved. It was a concern, when planning the interviews, that ideas developed from academic research might be hard to express clearly and concisely. Actually the interviewees proved more than conversant in the sorts of terms which might be considered problematic such as ‘buzz’ or ‘connectivity’. By conducting face-to-face interviews any residual lack of understanding of these concepts was ironed out.

Care was also taken to ensure that the responses of interviewees were unbiased. One example of how this was attempted is in the use of cards early on in the firm interviews in order to get participants to identify and rank what they considered to be the top five determinants of their firms’ location out of a much longer list developed from the literature (see Table 6.5). The cards were presented in a random order and each card was discussed and either discarded, if deemed irrelevant, or ranked, if seen among the most important. Also, it is well known that interview participants often try and present the view that they believe the interviewer would like to hear, but by presenting the determinants of location without any sense of hierarchy this was overcome as far as possible. The degree of

confidence in the interview responses was also improved by a thorough probing of answers, encouraging interviewees to be very explicit in their responses and seeking exemplification and evidence to illustrate their replies.

At the same time, it is recognised that perhaps more could perhaps have been achieved from the firm interviews than was. One example of this is the failure to collect comprehensive and detailed information on the cost and availability of premises, especially on rents and leases. Part of the reason for this was that it was only after many of the interviews had been conducted that this emerged as one of the three key determinants were assembled. On reflection, it might have been better to have utilised a two-stage approach of beginning with a wider questionnaire survey followed by a more selective interview stage. Yet, even if this had been possible within the constraints of the PhD research, this approach would still have encountered the issues of access and conceptual clarity already mentioned. Furthermore, as discovered in the later interviews that did ask about such matters as leases and rents, there was a general unwillingness to divulge much detail on these costs because of their commercial sensitivity, this despite assurances of anonymity. The other point to bear in mind is that published property market statistics are not sufficiently disaggregated to use at this level and therefore it would have taken a lot of original primary research to piece together what was actually happening in the local property market over time. It was not clear at the time of the research design that such effort could be justified and even now, it might best be regarded as a future extension of this work.

Finally, in relation to the firm interviews, the contacts web did not yield as much data as hoped for. It had been included in the interview schedule in order to help identify patterns in the geography of interactions undertaken by firms. Unfortunately, not all firms were willing to give very detailed information including the names and locations of other firms, again mainly because of its commercial sensitivity. Nevertheless, the use of the contacts web did lead to the recognition of some broad patterns as detailed in Chapter 9, notably identifying the likelihood of firms with clients based in London to be located in the city centre of Manchester.

As regards the stakeholder interviews, these were largely used to build up a background picture of the creative industries in Greater Manchester and to improve the opportunities for identifying and accessing participants for the firm interviews. They were focused mainly on those who had an urban regeneration remit in their jobs, but also covered

workspace managers, local commentators and industry representatives. The logic for their selection was based upon their knowledge of creative industries and their vested interest in seeing growth in the sector. There was a much higher response rate from stakeholders than firms, with only 3 of the 18 organisations approached declining to be involved in the study. In hindsight, given that most of these interviews took place before the majority of the firm interviews occurred, it was a pity that the research plan had not set aside time and funds for re-interviewing the stakeholders towards the end of the research. That evidence could have provided a further element of triangulation of the study's main findings by comparing them with their own perceptions. It would also have allowed more discussion of the implications of recent developments in the creative industries in Greater Manchester and also, though this could not have been anticipated at the outset of the study, provided an opportunity to discuss the likely effects of the current recession on the sector and on its capacity for underpinning urban regeneration policy into the future.

10.9 Future Research

Most studies seem to raise more research questions than they answer, and this one is no exception, perhaps not surprisingly given the exploratory nature of this study and the gap in knowledge it seeks to address by focusing on the geographical distribution of creative industry firms in a transforming regional city. In particular, the previous section has highlighted the weaknesses of the existing sources of statistical data on the intra-urban patterns of employment in the two case study sectors and recognised the problems of achieving a size of interview sample large enough to be categorical about the relative importance of a number of key dimensions in location decision making. This would suggest, therefore, that there are a number of possibilities for directly carrying forward some of the lines of investigation probed in this study, as well as some other ways of extending out from the present study to tackle questions raised by its main findings.

Perhaps the most pressing follow-up activity is to undertake the re-interviewing of the stakeholders, as flagged up at the end of the last section and for the reasons given there. Indeed, given that 1-2 years has now elapsed since the firm interviews, a strong case could be made for getting back to these, too. One major policy-related question concerns the sustainability of the urban regeneration that had been achieved in Manchester up till the onset of recession in 2008 partly through growth in the creative industry sector. How far

have firms had to rein in on their plans as first credit and then markets have been squeezed? Alternatively, has the recession reduced property values or created vacancies in the areas of the city that had become increasingly gentrified, making available space for the next generation of enterprises that have been finding it difficult to move out of their existing premises in or near their owners' homes and benefit from the advantages of a more central location? Such work should also take the opportunity to try and get more concrete cost information about leases and rents out of firms.

Secondly, building on this study's experience of producing an inventory of creative industry firms from online directories and the listings of trade and other organisations, there remains scope for checking how far the FAME and any other directories not used in this study can combine to produce a complete picture of enterprise in these sectors. From what was said in the previous section, it is unrealistic to expect that these can yield a robust statistical dataset, but it may be possible to pool their information in such a way as to form a more sophisticated sampling frame than was available to the present study. This would be valuable both for selecting firms for surveys and for providing some degree of checking on the representativeness of their responses.

One further follow-up to this study concerns the need for better knowledge of the intra-urban distribution of economic activity in the creative industries. It is extremely important to get a better handle on the actual patterns and how they are changing over time, not least in order to help advise policy makers on how far these activities are likely to remain highly concentrated in the centre of an urban region like Greater Manchester and thus how much pay-off there might be from trying to encourage the decentralisation that would seem to be needed to boost the economic fortunes of the other centres in the region. A first step here would be to go beyond the use of location quotients in Chapter 6, where the key task was to compare the degree of geographical concentration of the creative industry sectors. On reflection, that type of index needs to be complemented by the examination of the actual numbers involved. While the location quotient is good at showing the spatial distribution of one sector relative to the distribution of all sectors, it masks the fact that the latter may itself be very uneven, with many more jobs in a local employment node and many fewer in a more residential ward. As a result, a high location quotient in a central Manchester ward will have a much greater significance than a high location quotient in a suburban ward. To get a balanced impression of the degree of concentration of jobs in a particular industry, the pattern of actual jobs should also be shown. Even with the counts data, however, for the reasons discussed above and set out in Appendix 11, it is still very difficult to derive an

accurate picture of changes over time. Urgent consideration needs to be given to how the inadequacies of sources like the ABI and LFS can be addressed and/or how a new source of more robust data can be developed for tracking the local distribution of jobs over time.

In the meantime, an opportunity for a clearer picture will arise with the next Population Census, which has the benefits of being a full rather than sample survey and of covering the self-employed as well as employees and also provides detailed information about where people live as well as where they work – an aspect which has received considerable attention in this study owing to the different emphases placed on quality of place for business purposes as opposed to residential preferences. The 2011 Census can also serve as a check on the adequacy of the traditional data sources, and hopefully will be sufficiently consistent with the 2001 Census to enable the analysis of change over the intervening decade.

There are also a number of other ways in which the research could be broadened out. One concerns the degree of transferability of the findings to other sectors within the creative industries. The present study has been limited to just two of the sectors, albeit that advertising and film and television are among the most strongly represented in the case study area and lay at the extremes of the degree of spatial concentration there. Research on the other three sectors in Greater Manchester which were also deemed large enough to study – architecture, digital content and publishing (see Table 5.9) – could be used to see whether sectoral differences play any greater importance relative to other firm characteristics than found for the two sectors in this study.

A second area meriting fuller attention than has proved possible in this study relates to the role played by the distinctive geography of the case study area. Greater Manchester was chosen not just because it was characterised by a clear core-periphery relationship, but also because its periphery was punctuated by a number of substantial employment sub-centres with their well-established businesses and inheritance of premises that, as in the city centre, were seen as potentially suitable for accommodating creative industry firms. A large project which was able to contact a higher density of firms in the periphery would help to pin down better whether the existence of these sub-centres was able to tempt a greater number of such firms to locate outside the centre of the conurbation. This could also be checked by extending research to cover firms in the more peripheral parts of other cities that are more monocentric than Greater Manchester.

Finally, there is seen to be scope for further research in relation to the idea, set out in section 10.4.3, that the spatial behaviour of creative industry firms tends to alter in a predictable way during the life cycle of the firm. In order to probe in depth how individual firms behave over the course of their lifecycle, a detailed study concentrating on individual firms could be undertaken. This would see if creative industry firms of different ages, sizes, activities and profiles would behave spatially in accordance with other members of that grouping and thereby establish more fully how far this part of the expanding knowledge economy departs from the locational behaviour expected from traditional industrial location theory.

10.10 Final remarks

The study has demonstrated that creative industries do have specific, although complex, patterns of spatial organisation. Despite sharing some characteristics with the broader knowledge economy, associated with the more flexible organisation of labour, spatial patterns in the creative industries are distinct. The high risk nature of the sector has a very particular influence on the location choices of firms. This research found that creative industry firms tended to strongly preference the centre, notably for brand image and strong connectivity aiding access to labour and clients, but at the same time they were shown to be particularly vulnerable to processes of gentrification and displacement. Within regional cities, like the case study of Manchester, this process is often catalysed by recent regeneration and the policy emphasis on urban renaissance.

This research has identified several of the key determinants of location for the case study sectors in Greater Manchester. This reinforced the importance of traditional infrastructure factors in terms of connectivity and cost of space and also more intangible notions of place brand and reputation. Further to this, the study identified commonalities in spatial behaviour that were much less to do with their sectoral speciality and were much more related to firm characteristics like size, profile and age. This led to the suggestion of an account of a lifecycle of a creative industry firm, particularly in the relationship of firms to the core or periphery. The implications of these findings are to suggest that firm function is of more relevance to the spatial behaviour of creative industries than the sectoral distinctions that are traditionally embodied in industrial classifications like the SIC.

Further, this study has identified complexities within different creative industry sectors, amongst firms possessing different characteristics and within different contexts. Whilst some consistency has been found between this study's findings and the existing literature on the creative industries, some of the latter has been rendered less applicable because of the focus of the research on a city in Northern England which has been undergoing substantial regeneration. In the UK the creative industries sector has been touted as a powerful tool for regenerating urban areas. The regeneration discourses associated with the value of city living, particularly as a way of capitalising on culture, have been found to have less application within this study and have been identified as problematic in squeezing the spaces available for creative production. In terms of attracting the creative class, these discourses may also be misplaced. It may be possible to attract 'talent' back to the region through an escalator effect, but there is also a huge resource in the student population within Greater Manchester. This study also demonstrated that effective density improved by strong transport connectivity was very important in the location decisions of firms. Moreover there are clearly tensions within prospects for intervention as policy which focuses on one aspect, for example building place brand, may negatively affect other aspects of creative industry activity, such as the sustainability of the spaces of creative production.

The evidence demonstrates that important questions remain regarding the suitability of schemes aimed at boosting the sector. These relate primarily to the diversity of activities and types of firms included under the umbrella term of the creative industries. It also showed that a complex relationship exists between the emergence of the new economy and the landscape – both physical and institutional – of the post-industrial city. This study suggests that it is crucial to undertake further research on the dynamics of creative industry activity within the context of non-global cities undergoing regeneration. It also problematises the logic of interventions which try to instrumentalise and exploit creative production through an emphasis on the spaces of consumption. Ultimately, this research has demonstrated that place and, indeed specifically, cities keenly matter to the health of the creative economy.

Appendices

Appendix 1: Classification Models for the Creative Industries

CLASSIFICATION MODEL	INDUSTRIES
DCMS	advertising, architecture, arts and antiques market, crafts, design, fashion, film and video, music, performing arts, publishing, software, television and radio, video and computer games
Symbolic Texts	core cultural industries: advertising, film, internet, music, publishing, television and radio, video and computer games peripheral cultural industries: creative arts borderline cultural industries: consumer electronics, fashion, software, sport
Concentric Circles	core creative arts: literature, music, performing arts, visual arts other core cultural industries: film, museums and libraries wider cultural industries heritage services, publishing, sound recording, television and radio, video and computer games related industries advertising, architecture, design, fashion
WIPO Copyright	core copyright industries: advertising, collecting societies, film and video, music, performing arts, publishing, software, television and radio, visual and graphic art interdependent copyright industries: blank recording material, consumer electronic, music instruments, paper, photocopiers, photographic equipment partial copyright material: architecture, clothing and footwear, design, fashion, household goods, toys
UIS Trade-related	core cultural goods and services: audiovisual services, books, copyright royalties, heritage, newspapers, periodicals, recordings, video games, visual arts related cultural goods and services: advertising, architectural services, audiovisual equipment, information services, musical instruments
Americans for the Arts	advertising, architecture, arts schools and services, design, film, museums and zoos, music, performing arts, publishing, television and radio, visual arts
UNCTAD classification	Heritage: traditional cultural expressions, cultural sites Arts: visual arts, performing arts Media: publishing and printed media, audiovisuals functional creations: design, new media, creative services

Source: Adapted from UNCTAD (2008) and Throsby (2009)

Appendix 2: SIC Codes for Creative Industries

INDUSTRY	SIC CODES	ACTIVITIES	PROPORTION OF CODE TAKEN
Advertising	7440	Advertising	100%
Architecture	7420	Architectural and engineering activities and related technical consultancy	25%
Arts and antiques markets	5248	Other retail sale in specialised stores	5%
	5250	Retail sale of second-hand goods in stores	5%
Designer fashion	1771	Preparation and spinning of cotton-type fibres	0.5%
	1772	Woollen-type weaving	0.5%
	1810	Manufacture of leather clothes	0.5%
	1821	Manufacture of work wear	0.5%
	1822	Manufacture of other outerwear	0.5%
	1823	Manufacture of underwear	0.5%
	1824	Manufacture of other wearing apparel and accessories not elsewhere classified	0.5%
	1830	Dressing and dyeing of fur; manufacture of articles of fur	0.5%
	1930	Manufacture of footwear	0.5%
	7484	Other businesses not classified elsewhere	2.5%
Digital content (Software, computer games and electronic publishing)	2233	Reproduction of computer media	25%
	7221	Publishing of software	100%
	7222	Other software consultancy and supply	100%
Media (Film, video, television and radio)	2232	Reproduction of video recording	25%
	9211	Motion picture and video production	100%
	9212	Motion picture and video distribution	100%
	9213	Motion picture production	100%
	9220	Radio and television activities	100%
Music	2214	Publishing of sound recordings	100%
	2231	Reproduction of sound recording	25%
	9231	Artistic and literary creation and interpretation	27%
	9234	Other entertainment activities not elsewhere classified	25%

	9272	Other recreational activities not elsewhere classified	12.5%
Performing arts	9231	Artistic and literary creation and interpretation	28%
	9234	Other entertainment activities not elsewhere classified	25%
	9272	Other recreational activities not elsewhere classified	12.5%
Publishing	2211	Publishing of books	100%
	2212	Publishing of newspapers	100%
	2213	Publishing of journals and periodicals	100%
	2215	Other publishing	50%
	9240	News agency activities	100%

Source: NWRIU (2003)

Appendix 3: Business Units, Employment and Level of Self-employment, by Creative Industry Sector, Greater Manchester 2003

SECTOR	NUMBER OF BUSINESS UNITS	TOTAL EMPLOYMENT	% OF SELF-EMPLOYED PEOPLE IN SECTOR
Advertising	571	4,470	10
Architecture	700	6,105	44
Arts and antiques	134	846	13
Design	337	2,927	46
Designer fashion	646	960	50
Music	205	3,783	77
Media (Film, video, radio and TV)	343	6,458	34
Visual arts and crafts	383	3,205	36
Performing arts	199	2,258	60
Publishing (inc literature)	295	4,883	20
Digital Content	1,698	10,171	14

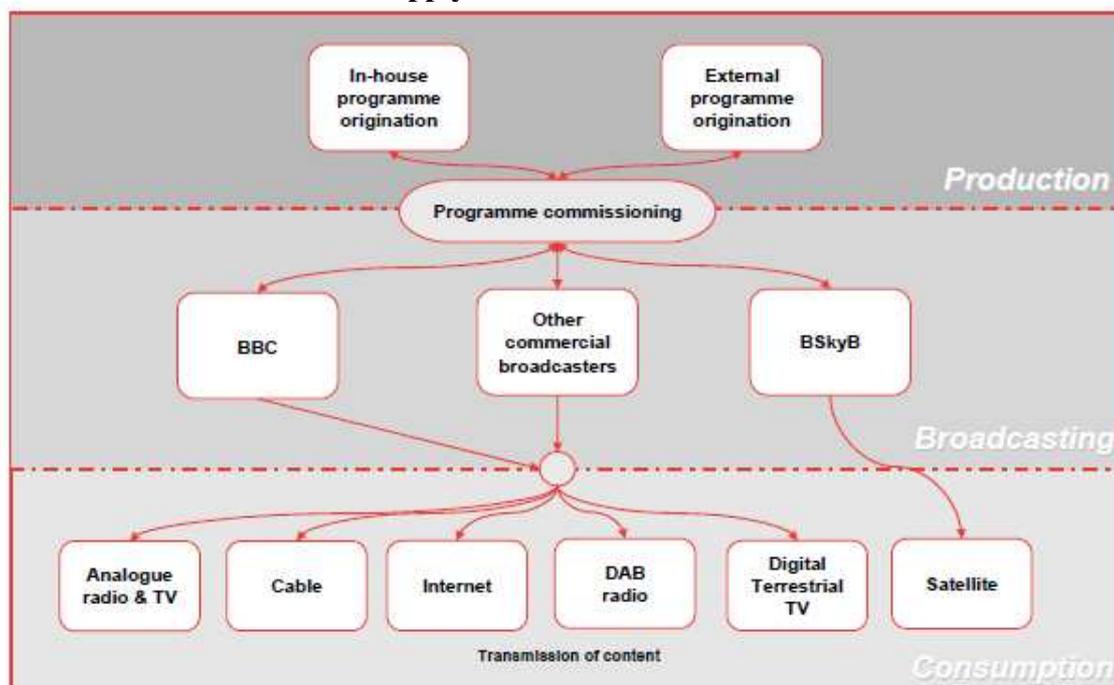
Source: Adapted from NWRIU (2003: 1-2)

Appendix 4: The profile of the case study sectors

Film and television

In terms of the television and radio sector, the core activities are centred on: programme commissioning, production, scheduling and broadcasting and transmission. There are two main stages of the TV and radio industry before consumption: production and broadcasting. In terms of production, TV and radio can come either from in-house or external sources. There are quotas (for example, 25% within the BBC) set to protect independent production. In the UK there are both public service, for example the BBC funded by a compulsory television licence, and commercial broadcasters, funded by subscription or advertising revenue. The 2003 Communications Act has allowed TV production companies to retain intellectual property for programme formats allowing the value chain to generate more value. The GVA of the TV and radio industry in the UK was £6.2 billion in 2004 (Work Foundation, 2007). The supply chain for the UK's TV industry is shown below.

The UK television and radio supply chain



Source: Frontier Economics (2006).

New technological developments stand to have a dramatic influence on the industry. Within the next couple of years the switchover to digital will continue. Digital TV has brought with it many new free-to-air channels and the internet has resulted in the availability of listen-again services and podcasts. 58% of homes in England had broadband internet in January 2008 (Ofcom, 2008) so the effect of these changes is likely to be dramatic. There has been a reduction in house production as a result of independent quotas and the pressure to cut costs. As the diagram below demonstrates, the use on 'on demand', such as the BBC iplayer or 4 On Demand, services for watching television is significant. The proportion of adults who have used the internet to watch TV or video content.



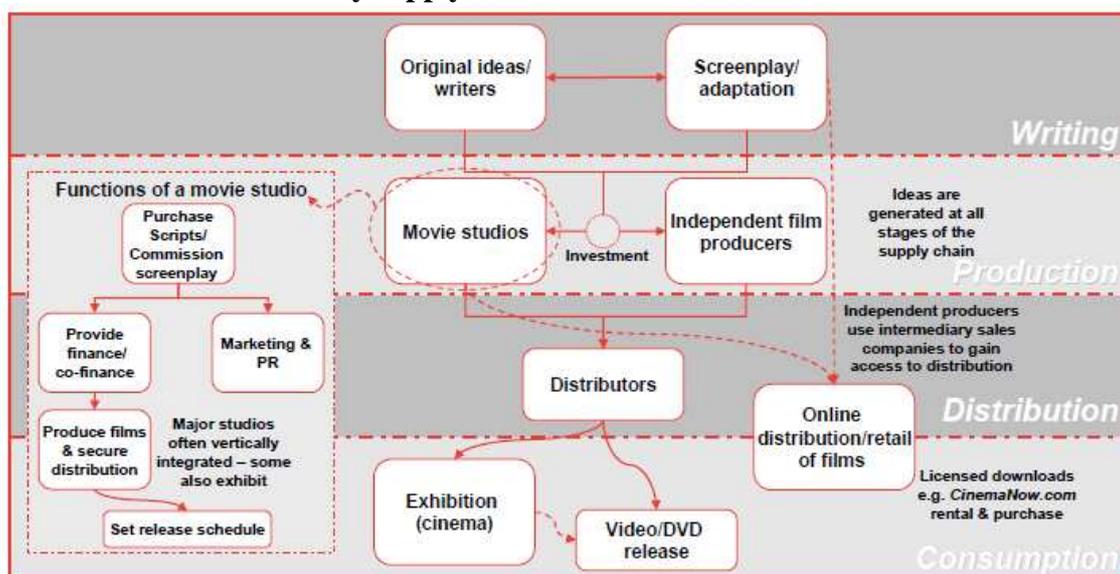
Base: Adults aged 15+ / Aged 16+ in Northern Ireland

Source: Ofcom (2008)

In terms of the film industry sector, the core activities are centred on: developing ideas-scriptwriting and screenplay, production of films, distribution of films and exhibition or retail of films. There are three stages to the supply chain prior to consumption: writing, production and distribution. Within the writing stage, original ideas or screenplays and adaptations are generated. The largest stage of the supply chain is production. The major studios, such as Paramount, Buena Vista and Warner Bros, play a significant part in this process across the world. UK government funding for film is distributed via UK Film Council. The number of independent film producers has increased in recent years, despite

the risky nature of the industry. Small firms are not able to pool the risk of failure over a portfolio of several films as they tend to produce only one film a year. In terms of distribution, in the past the industry was heavily vertically integrated with the studio in control of all the stages of the film. Most recently, online distributors have emerged and look likely to be a growing force, putting pressure on DVD rental outlets. The film industry is characterised by a substantial degree of vertical integration, as major film studios control both the production and distribution activities. The diagram below shows the supply chain for the Film and Video industry.

The film and video industry supply chain



Source: Frontier Economics (2006).

In the UK the industry has mainly small, independent producers. The GVA of the film industry in the UK was £2.3 billion in 2004 (Work Foundation, 2007).

There has been an increase in ‘post-industrial modes of employment’ within the audio-visual sectors, characterised by short-term contracts, freelance working and self-employment, which has resulted in changes to how workers within the sector organise and operate. Media unions have tended to be marginalised by this fragmentation of employment structure. Within this context, as with other creative industries, networks based on contacts and reputation have assumed increasing importance as individuals try

to attenuate the insecurity of fragmented, project based labour markets (Antcliff et al, 2005). The production part of the supply chain requires access to a large pool of local, specialised labour. Within the media industry the power rests in the hands of producer who has considerable discretion in drawing together teams of workers. This structure therefore means that the industry tends to organise in “flexible networks- coming together repeatedly to work on successive projects” (2005: 15).

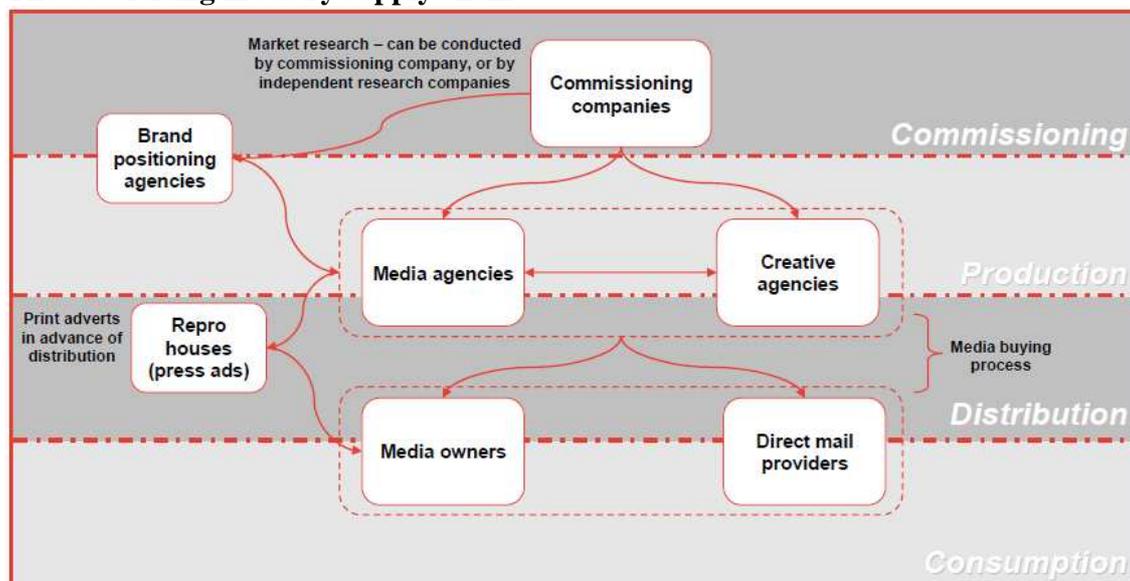
Advertising

Advertising can be defined as “consumer research and insights including indentifying consumer tastes and responses, creation of advertisements, promotions, PR campaigns and the production of new advertising materials. It also includes the management of client marketing activity/communication plans as well as media planning, buying and evaluation” (Work Foundation, 2007: 197). The core activities of the advertising industry relate to the production of adverts and include: developing marketing strategies, consumer research, creation and production of adverts, PR campaigns and media buying. The supply chain of the advertising industry follows three main stages leading up to consumption: commissioning, producing and distributing. As well as large private corporations commissioning adverts to sell consumers products, NGOs and governments also create a proportion of the demand. Drivers of TV advertising revenues include: consumer spending, corporate profiles, inflation, colour TV penetration and TV audiences (PWC, 2004). The diagram below shows the supply chain for the advertising industry.

Media groups and creative agencies are involved in the production of advertising. Media groups, often made up from groups of individual companies, include companies which undertake activities including: branding, communications, event marketing, advertising, market research, public relations, media planning and buying and sponsor marketing. Creative agencies activities include: design of complete marketing campaigns and

advertisements, media buying, print design and PR. The Institute of Practitioners in Advertising (IPA) is the trade body.

The advertising industry supply chain



Source: Frontier Economics (2006).

In terms of distribution, the key activity is the purchase of media space from media owners in the form of newspaper space, airtime, online advertisements or other mediums. The fragmentation of channels has provided a much wider range of media space available. Despite the increase in other forms, press advertising remains the largest medium with 48% of advertising expenditure being spent on this medium (Frontier Economics, 2005).

In the UK the sector generated £5.1 billion of GVA in 2004, exports of £1.1 billion in 2004 and constituted 9,900 of businesses in 2005 (Work Foundation, 2007). The UK sector is the third biggest in the world and the largest in Europe. Total advertising expenditure in the UK has risen sharply over time from around £12 billion in 1995 to £18 billion in 2004 (Frontier Economics, 2006)

In recent years the number of possible advertising mediums has increased with the emergence of multi-channel TV and increased internet advertising spend. There has been

consolidation of media buyers, as large buyers are able to secure the best deals from media owners, and also consolidation of media ownership. Audience fragmentation, via the development of multi-channel TV, has forced advertisers to operate in increasingly sophisticated ways. Networks are critical to the success of advertising agencies and this has a spatial dimension. Grabher (2001a) asserts that time pressures within the industry influences this style of organisation in two key ways. Firstly, media space is often offered at short notice. Secondly, campaigns are increasingly aimed to react to current political and cultural events. Convenience and pace of action were also identified by Grabher as key reasons for co-location in the Soho area of London.

Appendix 5: Firm Interview Schedule



The difference that place makes: a study of selected creative industries in Greater Manchester

1. Can you explain a little about --- and your role within it?

2. What do you think the spatial pattern is of advertising/film television firms across Greater Manchester and why?
 - Do you think that advertising/ film & television firms are concentrated near other advertising/creative firms?
 - Are most advertising/ film & television firms based in city centre of Manchester or decentralised across region?

3. Please rearrange review the cards³⁷ and explain whether you think the assets on them have an influence on the locational decisions taken by creative industry firms?

4. Please select the top five and place them in order.

5. Which do you think are the least important of these assets?

³⁷ Please see Appendix 5 for details

6. The Contacts Web- This aims to capture the nature and extent of your interactions with other firms or services.

This aims to find out a little more about the geography of your relationships with clients, suppliers, support services etc. It would be very helpful if you can list as many as possible and provide examples.

Groups	Type	Organisation, business or individual (Please give type of person, no names are necessary unless you want to give them)	Location (For example: city centre Manchester, Greater Manchester, North West, London etc)	Method of interaction (Phone, email, F2F→ list all if used)	Frequency of interaction (How often do you meet f2f, speak on the phone or email to this individual/organisation?)
Main business collaborators	Clients				
	Suppliers				
	Freelancers				
Other					
Financial supporters	Investors				

	Accountant				
	Bank				
	Public-sector support				
	Other				
Formal advisors and business support	Solicitors				
	Industry organisations				
	Public-sector support services				
	Other				
Ideas exchange-formal and informal	Organised networking events				
	Industry organisations				
	Other				

7. Do you think that there are any other advantages/disadvantages of locating in Greater Manchester?

Thank you for your time.

Contact Details:

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Appendix 6: Cards Used in the Firm Interviews

Here the cards are arranged in the order of weighted mentions (see Table 6.6)

Transport Connectivity	How important are internal/external transport linkages?
Place Reputation	Does having a particular address (for example city centre) help brand/reputation?
Cost of property/land	In what ways has the availability of appropriate space affected where your firm is located?
Ambience	Does your location provide: <ul style="list-style-type: none"> • Buzz? • Liveability?
Access to markets	Where are your main markets?
Networks	Which networks are most important to your firm? Do certain areas of the Greater Manchester have a reputation for strong networking via clustering/co-location?
Ancillary services	Do you have access to: <ul style="list-style-type: none"> • Restaurants? • Bars? • Shops?
Parking	How important are parking costs?
Labour pool	Do commuting flows encourage location in city centre? How does access to skilled labour affect your location?
Flexibility of workspace	Do you have access to grow-on space?
Technology	Has information technology allowed your firm to locate wherever you like?
Arts and cultural infrastructure	Do you have access to: <ul style="list-style-type: none"> • Theatres? • Music venues?
Built environment	How important is the aesthetic of your business premises/locality?
Housing	How does access to housing affect your choice of location? Is it important to live/work in same area?
Specialist support services	Do you have access to: <ul style="list-style-type: none"> • Funding? • Provision of space? • Business advice? • Networking opportunities?
Physical infrastructure	Is the overall infrastructure of the area an advantage to the firm?
Crime	Is staff/business premises safety an issue?

Appendix 7: Interview Schedule Stakeholders



The difference that place makes: a study of selected creative industries in Greater Manchester

1. Can you explain a little about ...and your role within it?
2. What do you think the spatial pattern is of advertising/film and television firms in Greater Manchester?
 - Which activities/types of firms are most concentrated (clustered near other similar firms) and which most de-concentrated?
 - Which activities/types of firms are based around central city (city centre of Manchester) or decentralised across region?
3. Please rearrange review the cards and explain whether you think the assets on them have an influence on the locational decisions taken by media and advertising firms?
 - Please select the top five and place them in order.
 - Which do you think are the least important of these assets?
4. Do you think that there are any other advantages/disadvantages for advertising sectors of locating in Greater Manchester?

Thank you for your time.

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Appendix 8: Information Sheet



The Difference that Place Makes: A Study of Creative Industries in Greater Manchester

Introduction

You are being invited to take part in a research study. Before you decide, it is important for you to understand why the research is being done and what it will involve

Thank you for reading this.

Aim of study

The central research aim of the study is to develop understanding of the ways in which space and place matter to the creative industries across a large conurbation. The case study focuses on Greater Manchester and the sectors selected for further investigation, based on earlier quantitative work, are: advertising and film and television.

Key issues

The study aims to explore:

- What the key advantages and disadvantages of different locations are for creative industry firms
- How important proximity to other creative firms is for creative industry activity
- Whether technological advances have enabled and encouraged location in less central areas.
- Whether creative industry firms are being squeezed out of central locations
- How important connectivity is for creative industry firms

Research Approach: mixed methods

- Quantitative research to highlight the pattern of spatial organization of selected creative industry firms
- Short interviews with stakeholders and policy makers
- Interviews with participants from the case study industries: advertising and media.
- A survey of advertising and media firms in Greater Manchester developed with information generated in the interviews.

Anonymity

Only the named researcher will have access to the interview transcripts. The interview subjects will only be named in the final report if permission is obtained. Each interviewee will be asked to sign a consent form before the interview. This will point out that they can opt out of the research at any point. Transcripts or notes of the interviews will be forwarded to interviewees, if desired; to check that they feel what they have said has been correctly documented. The results of the study will be produced in finalised form in October 2009.

**Thank you for your time.
Please keep this leaflet for information.
Contact Details:**

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Appendix 9: Consent Form**The Difference that Place Makes: A Study of Creative Industries in Greater Manchester**

Please tick, sign and date where appropriate:

1. I have read and understand the information sheet _____

2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason _____

3. I agree to take part in the research _____

Name of the respondent _____

Date _____

Signature _____

**Appendix 10: Wards with Location Quotients Greater than 1 in Greater Manchester
Benchmarked with the Greater Manchester Average in 2005**

Advertising

WARD	LOCAL AUTHORITY	LOCATION QUOTIENT
Gorton South	Manchester	12.50
Didsbury	Manchester	12.15
Priory	Trafford	11.75
Hazel Grove	Stockport	5.10
East Bramhall	Stockport	4.93
Middleton Central	Rochdale	3.95
Blackfriars	Salford	3.47
Smallbridge & Wardleworth	Rochdale	3.46
Talbot	Trafford	2.93
Brooklands	Trafford	2.92
Ordsall	Salford	2.82
Newton	Wigan	2.67
Central	Manchester	2.52
Bowdon	Trafford	2.35
Clifford	Trafford	2.35
Park	Trafford	2.28
Urmston	Trafford	1.98
Failsworth East	Oldham	1.96
Timperley	Trafford	1.86
Longford	Trafford	1.78
Ardwick	Manchester	1.67
Denton South	Tameside	1.63
Wardle	Rochdale	1.58
Barton	Salford	1.54
Horwich	Bolton	1.50
Saddleworth East	Oldham	1.48
Pilkington Park	Bury	1.40
Heywood West	Rochdale	1.25
Cheadle	Stockport	1.20
St James	Oldham	1.19
Gorton North	Manchester	1.16
Hyde Newton	Tameside	1.12

Film and Television

WARD	LOCAL AUTHORITY	LOCATION QUOTIENT
Langworthy	Salford	18.75
Brooklands	Trafford	8.84
Failsworth East	Oldham	6.84
Didsbury	Manchester	5.12
Central	Manchester	4.8
Brimrod and Deeplish	Rochdale	4.15
Longsight	Manchester	3.13
Hollinwood	Oldham	2.81
Chorlton	Manchester	2.7
Davyhulme East	Trafford	2.51
Newton	Wigan	2.2
Besses	Bury	1.96
Whalley Range	Manchester	1.91
Levenshulme	Manchester	1.65
Walkden North	Salford	1.64
Ordsall	Salford	1.55
Horwich	Bolton	1.50
Heaton Mersey	Stockport	1.49
Longford	Trafford	1.36
North Marple	Stockport	1.28
South Marple	Stockport	1.22
Blackrod	Bolton	1.14
Ashton St Peters'	Tameside	1.13

Source: Own analysis of NOMIS (2005) data.

Appendix 11 The Annual Business Inquiry

The Annual Business Inquiry (ABI) has been in operation since 1998. Along with its predecessors the Annual Employment Survey (1991-98) and the Census of Employment (1981-91), the ABI constitutes the UK's most comprehensive source of detailed information on the location of jobs by industrial sector. Once a user has been approved to access the dataset for a specific project by the Office of National Statistics (ONS) and has paid the appropriate fee, it is possible to extract data via the National Online Manpower Information System (NOMIS) that goes down to the 4-digit SIC codes and the ward level of geography. The data can be further disaggregated by gender and by whether the job is full-time or part-time, though the latter is a rather crude distinction based on a 30-hours-a-week criterion. The principal use made of the ABI data – by both government and academic researchers – is in mapping the geography of economic activity by sector at a single point in time, but the ABI and its predecessors have also been used in time-series applications, normally at more aggregate spatial levels such as the counties and standard regions.

The documentation on the ABI (see below for the addresses of the web-based sources) includes a variety of cautions about the level of confidence that can be placed in the most disaggregate data for even a one-point-in-time snapshot and essentially rules out the use of the most detailed levels for monitoring change over time. The chief problem faced in using the ABI for studying the geography of jobs at a single time point is that much of its data is based on estimates from a sample survey, leading to relatively large standard errors and coefficients of variation at the more disaggregate levels. The main stumbling block with time series work is that, in order to provide the most meaningful up-to-date picture of employment, the ABI methodology is being frequently modified, leading to discontinuities between the annual sets of results. ONS makes no attempt at calculating confidence levels for the change data. These two sets of issues are examined in more detail here. Following this the possible weaknesses of using location quotients is outlined.

The methodology of the ABI

The ABI is sampled from the population of reporting units on the Inter Departmental Business Register (IDBR). A reporting unit (RU) is usually a single complete business but in some cases arrangements have been agreed with firms to collect data either for several businesses combined or for parts of businesses of a heterogeneous nature. The ABI aims

for complete enumeration of the largest businesses in all industries, but it samples across firms that fall below a size threshold which varies between SIC industry and UK country. Below the threshold, businesses with less than 10 employees are completely replaced each year, while those with 10 or more are given a rotation rate of 50 per cent a year which helps to improve the consistency between consecutive years' estimates. To give an idea of coverage, the sample size of the ABI in its first year of operation 1998 was approximately 78,500 for the UK.

For national estimates, the data obtained from the sample are grossed up to the population of the IDBR using a 'combined ratio estimator' and adjusting for outliers. For estimates for sub-national areas, a local unit apportionment procedure is used. The first stage of this is to apportion the actually collected RU data across the local area units. A sequence of modelling steps is then used to produce full sets of local data, with the results being constrained to match the national totals. In principle this methodology will provide estimates for any required sub-population or 'domain', including very small areas such as local authority wards. However, in practice, ONS stresses that the sampling errors for very small domains are extremely large. Also some domains will contain no sampled units so that the resulting estimate for them will be zero. To get round this problem, a set of 'minimum domains' based on a combination of SIC and geographical disaggregations is imposed that takes account of both the sampling error associated with them and their sample size in terms of the number of local units they contain. Below the level of minimum domain, a form of synthetic estimation is then used to obtain the required estimates.

The documentation provides indications of the standard errors arising from the sampling procedures. At national level, the coefficient of variation (CV) of the estimate of total employment across all industries is about 0.4%, meaning that the 95% confidence interval for total employment is 0.8% above and below the estimate. Standard errors are also published for total employment at the local authority district level. For Manchester, for instance, the CV of around 1.8 per cent applied to the estimate of total employment estimate of 304,700 for 2005 translates into a standard error of 5,600, which means that there is a 95% chance that the true employment total lies between 293,500 and 315,900. The CVs are higher for smaller local authorities; for instance, 5.6% for the total employment of the unitary authority of Bury which is estimated to have contained 60,000 jobs in 2005. The CVs are higher still for sub-district areas and for separate industrial sectors. Finally, estimates of error are not available for the below-minimum-size domains,

because although the sampling error does not increase beyond the levels for the minimum domains, other forms of error may be introduced through the synthetic estimation procedures mentioned above and these are not quantifiable.

Clearly, care is needed in using the ABI to identify the geographical distribution of jobs even for a single year, especially when examining the ward level scale for a specific industrial sector – problems that are magnified when calculating change between years, especially between non-consecutive years when the sample of firms below the size threshold is completely different. This cautionary note is reinforced by an email dated 12 March 2010 from Stephen Taylor of the ONS's ABI team: "I would point out that the ABI employee estimates are a point-in-time snapshot of the economy on a specific date, it was never really designed to be used as a time-series, although we recognise it is used as such. ... Regards your question on standard errors and CVs, I am afraid that we only provide such figures at a 2-digit LA level. We do not provide standard errors or other confidence measures at any other level or for calculations of change over time. Obviously the quality of the estimates declines at lower levels and the lower the level of geography the higher the CV is likely to be" (Taylor, 2010).

Discontinuities in the ABI

The email from Stephen Taylor also stresses the challenges posed to analysing change in employment over time by the frequent changes in ABI methodology: "You should also be aware of discontinuities with the introduction of the SIC 2003 in 2003 and the SIC 2007 in the 2008 published estimates. There is also the matter of the three discontinuities introduced in 2006" (Taylor, 2010).

Two of the three discontinuities in 2006 resulted from the initial steps taken to introduce the Business Register Employment Survey as a replacement for the ABI in 2009 in order to improve the detailed industry and regional employment estimates. This not only involved a switch in the data sources used for larger businesses, but also meant bringing forward the reference month of the estimates from December to September. This altered the global employment estimate, most notably because the December-based totals of the previous years had been inflated by firms taking on more staff in the run up to Christmas. Unfortunately, ONS was unable to be precise about the effect of these changes, merely suggesting that it would likely have reduced the national count of total employment by between 0.6 and 1.3% but providing no guidance at all on the effect on sub-national areas

or specific industrial sectors. The latter was also affected by the third discontinuity, namely a change in the methodology regarding minimum domains, which from 2006 have been set at a higher geographical level in order to reduce the volatility of the sub-regional estimates.

Looking further back, the biggest discontinuity in the history of official employment estimates occurred at the time that the ABI replaced the Annual Employment Survey (AES) in 1998, when the new methodology identified a total of over one million more jobs in Britain compared to the estimates based on the AES methodology as applied to the same year. A smaller one occurred in 1991 as a result of the switch from the Census of Employment to the AES.

The SIC (Standard Industrial Classification) changes normally occur after each Population Census, when the latter provides detailed information about changes in the relationship between industry and occupation in the labour force, but an additional change in 2007/2008 was required as a result of European legislation motivated by the need to adapt the classification to changes in the world economy. The latest revisions reflect the growing importance of service activities in the world economy and especially the developments in information and communications technologies. The changes in the SIC mean breaks in the data series in 1991, 1998, 2003 and 2008.

Lastly, discontinuities arise over time as a result of changes in the geography of the reporting units. The two sets of areas used in the ABI-based analysis in this study – the local authority districts and wards – experience minor changes on a fairly continuous basis in response to developments on the ground and changes in residential population numbers, but there are certain times when a major recasting occurs. For local authority districts, since the major reorganisation in 1974, there have been two periods of large-scale change: those which introduced unitary authorities to Wales and Scotland in 1996-98 and the more partial changes which took effect in England in 1998 and 2009. At the ward level, the last major review took effect in 2006 and included a significant redistricting in central Manchester, reflecting the substantial population growth there in recent years. In this connection, while the ABI data from NOMIS can be produced on the basis of ‘frozen wards’, even these do not have very long lives. According to the NOMIS documentation, the ABI data is available for the 1991 Census wards up to 2002, but the ‘frozen ward’ estimates for 2003 onwards are for ‘2003 CAS wards’, with no overlap between the two series.

Clearly, as stressed by ONS, the ABI data on employment needs to be treated with care, especially when disaggregated by industrial sector and by geographical area. This applies even for cross-sectional analysis for a single year, where the sample nature of most of the data collection gives rise to substantial standard errors, but time-series analysis is far more problematic owing to the many sources of discontinuity between the annual sets of estimates. In relation to cross-section analyses, the method of local area apportionment (i.e. estimating from higher levels downwards) means that, while the results for individual wards may be subject to a wide margin of error, it is possible to place more confidence in the broader picture of distribution which the ward-level data presents for a much larger area like the whole of Greater Manchester. The same, however, does not apply to time-series analysis, where even change analyses at national and regional levels require often heroic assumptions in order to span the major times of discontinuity, as in 1998, 2003 and 2006 and where change analyses at ward level run up against the problem that, while the most consistent data is normally for consecutive years, this is the situation in which the standard errors make change results less robust. More accurate change results at local level need to rely on the 10-yearly Population Census, which is in theory a full survey and where data can be coded to a consistent set of areas spanning two or more enumerations.

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