Growing the creative industries in Townsville
CONTACT DETAILS

Professor Ryan Daniel
College of Arts, Society and Education
James Cook University, Townsville
QLD 4811 AUSTRALIA

P  (07) 4781 4612
E  Ryan.Daniel@jcu.edu.au
W  jcu.edu.au

TOWNSVILLE CITY COUNCIL

P  1300 878 001
E  investtownsville@townsville.qld.gov.au

REPORT AUTHORS

Professor Ryan Daniel
Associate Professor Katja Fleischmann
Dr Riccardo Welters
Foreword

The City of Townsville has been reshaping its identity to be the Capital of Northern Australia and is the Regional Capital of North Queensland.

Townsville City Council is committed to the support of job growth in partnership with all levels of government, community and business and is excited to be an active partner in identifying the role that the Creative Industries have to progress our economy.

A major key to Townsville’s success is the diversity of the city’s economy. We know that constantly searching for new opportunities for investment and job creation will underpin Townsville’s future.

That’s why investigating and identifying opportunities for establishing a creative industries hub in the city was highlighted as a key initiative in the Townsville City Economic Development Plan 2013-2017.

This research project is an example of how we can draw on the considerable expertise right here at our doorstep to identify the current gaps and future areas for investing in the sustainable development of creative industries.

I would like to acknowledge the work of both the James Cook University and Townsville City Council officers for this report, which has been delivered through the research team led by Professor Ryan Daniel.

The strong collaborative effort will ensure that this strong body of research will be put to good use, not just as a research document for the university, but in a practical application to support new business opportunities in the city.

Within Australia and internationally, other countries are placing great emphasis on their creative industry and the role it has in repositioning their economies for long-term growth and jobs.

Townsville needs to grow, sustain and engage with our creative and innovative businesses, and identify how to reconstruct declining uncompetitive industries and create new ones.

This is even more urgent in the current economy we now live within, due to the advancements in technology and also with Townsville being a first site for the roll out of the National Broadband Network.

Success on the global market requires strategic investment and coordination into industry sector by government, research agencies and business to promote global opportunities for our emerging new business. This can be led by the people who are in our creative industries.

Mayor of Townsville
Cr Jenny Hill
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXECUTIVE SUMMARY</td>
<td>6</td>
</tr>
<tr>
<td>PROJECT AIMS AND METHODS</td>
<td>8</td>
</tr>
<tr>
<td>PART 1: SUPPLY</td>
<td>9</td>
</tr>
<tr>
<td>Overview of participants</td>
<td>9</td>
</tr>
<tr>
<td>Professional development</td>
<td>10</td>
</tr>
<tr>
<td>Townsville – Local Inspiration</td>
<td>12</td>
</tr>
<tr>
<td>Business fundamentals</td>
<td>14</td>
</tr>
<tr>
<td>Business outlook</td>
<td>16</td>
</tr>
<tr>
<td>The innovation capacity of Townsville creative industries</td>
<td>18</td>
</tr>
<tr>
<td>Design Thinking and Co-Creation</td>
<td>19</td>
</tr>
<tr>
<td>Collaboration</td>
<td>20</td>
</tr>
<tr>
<td>PART 2: DEMAND</td>
<td>21</td>
</tr>
<tr>
<td>Overview of participants</td>
<td>21</td>
</tr>
<tr>
<td>Demand for creative industries services in Townsville</td>
<td>23</td>
</tr>
<tr>
<td>Import leakage of Townsville demand for creative industries services</td>
<td>24</td>
</tr>
<tr>
<td>Drivers of import leakage</td>
<td>27</td>
</tr>
<tr>
<td>The demand for creativity and innovation support in other business sectors</td>
<td>30</td>
</tr>
<tr>
<td>Demand for creative industries services – insights from interviewees</td>
<td>31</td>
</tr>
<tr>
<td>OVERALL SUMMARY AND FUTURE RESEARCH DIRECTIONS</td>
<td>34</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>36</td>
</tr>
<tr>
<td>APPENDIX</td>
<td>39</td>
</tr>
</tbody>
</table>
This partnership and project between Townsville City Council and James Cook University focussed on key sub-sectors of the creative industries in Townsville, specifically architecture, design, advertising and marketing, software and digital content and film. Over the course of the 2014 and 2015 calendar years, both Council and JCU staff worked extremely hard to engage with both the creative industries sector and businesses from the wider economy, to develop a stronger understanding of the supply of and demand for creative services in the local economy, as well as what services are exported and imported.

The study featured strong interest and support from the local creative industries community. Creatives are typically passionate, motivated and self-driven individuals and Townsville is home to a significant number of such people. The supply of creative industries services is quite strong. While there are some instances where specialist skills are lacking in the city or not easily identifiable, in general the majority of services needed for effective industry activity can be found within the city. At the same time, there is a branding and profiling issue, in that the sector is fragmented and in need of a unified voice. There is a key opportunity for those within the sector to come together and create that brand and voice.

In terms of the demand for creative services in the city, there is once again a general feeling that most specialist skills can be found and utilised. Clients of local creative industries businesses are generally satisfied with the products or services they receive. There is a sense of strong support for local businesses in Townsville. Nevertheless, our study confirms that there is a significant loss of creative work to capital cities, online or other providers, with many major projects lost to local practitioners. While at one level this is a challenge, it also represents an opportunity for creative industries practitioners to look at collaborating, clustering and developing a stronger brand presence in order to win some of the lucrative contracts and projects that will continue to be available. This will take time, leadership and effort but is something very achievable for those willing to invest in the process.
In conclusion, this study reveals what is a significant opportunity for creative industries to contribute to the growth of Townsville moving forward, and in particular amidst the context of the vision for northern Australia. Townsville, the largest city in northern Australia, is key to this vision, hence it is important that the city’s creative industries sector is promoted, supported and profiled. The sector must obviously contribute to its own growth, through ongoing networking, collaboration and in driving innovation within and across various sectors of the economy. Creative industries are a key part of the future economy and digital age and Townsville has an opportunity to lead the way in terms of the vision for northern Australia.

Finally, I would like to thank key people involved in this project. I would like to acknowledge Trevor Goldstone, David Lynch, Simon Millcock, Matt Morris, Jill Dolphin, Peter Murphy, Katja Fleischmann, Riccardo Welters, Alexandre Christopher, Robert Johnstone, Eileen Larsen and Dianne Purnell. These individuals played a key role in the formation and ongoing realisation of the project aims. Sincere thanks must also go to Mayor Cr. Jenny Hill and Vice Chancellor Sandra Harding for supporting and promoting the project at all of its key stages. Thanks also to every person in Townsville who contributed to this project, be it by providing advice, input, completing surveys or taking part in interviews. Support for this project, for the creative industries workers and for our city of Townsville was felt intensely during this project. With ongoing creative vision and energy, the future for Townsville’s creative industries can be a very bright one.

Professor Ryan Daniel
Chief Research Investigator
Project Aims and Methods

There is widespread acknowledgment that the creative industries as a sector can – through its innovation potential – make a substantial contribution to both growth and diversification of an economy, without the need for large scale investment in physical infrastructure. Economic growth and diversification in turn, are key ingredients to building a strong and resilient economy. However, whilst the share of the creative industries in the nationwide industry mix is growing, it is moving sideways in the City of Townsville, potentially hindering the sector’s contribution to the economy.

Therefore this report aims to (1) identify the impediments to growth that the creative industries in Townsville face and once identified and (2) develop strategies to overcome these impediments to ensure the creative industries can fully play their role in building a strong and resilient economy in Townsville.

To address these aims, the research team conducted two online surveys in the Townsville business community. The first survey (the supply survey) focussed on business owners operating in the creative industries in Townsville – focusing on architecture, design, advertising and marketing, software and digital content and film. This survey considered business threats and opportunities in professional development, business environment and innovation potential as perceived by business owners operating in the creative industries. The second survey (the demand survey) focussed on the wider Townsville business community and their interaction with the creative industries and perceptions about Townsville based creative industries. Both surveys were followed up by semi-structured interviews with survey participants to develop a more nuanced understanding of the survey findings.

To identify creative industries practitioners in Townsville (i.e. potential respondents to the supply survey), the research team initially consulted the yellow pages, locating 308 businesses. These businesses were contacted and asked for their participation in the supply survey, of whom 151 confirmed their willingness to participate. Eventually, 69 businesses completed the survey in full. The findings described in Part One of the report are based on that sample of 69 Townsville based creative industries businesses supplemented by insights from 29 interviews.

To identify business owners in the wider Townsville business community (i.e. potential respondents to the demand survey), the research team consulted Townsville’s Chamber of Commerce database. All business owners in the database outside the creative industries were asked to participate in the demand survey.

Throughout the data gathering process business demographics of the surveyed businesses were compared to comparable statistics compiled by the Australian Bureau of Statistics (ABS) – specifically business sector and business income. When discrepancies between the sample and the ABS statistics’ business count landscape were detected, effort was concentrated on recruiting businesses from underrepresented areas of the business count landscape. 156 businesses completed the survey in full. The findings described in Part Two of the report are based on that sample of 156 businesses supplemented by insights from 22 interviews.

In terms of business counts, ‘Construction’ and ‘Business Services’ are the most important industries in Townsville, each constituting just under a quarter of all businesses. Both sectors are slightly underrepresented in the demand survey; ‘Retail Trade’ and the ‘Accommodation and Food Services’ are slightly overrepresented. Otherwise the demand survey is fairly representative of the Townsville business count landscape. In terms of business income, ABS data indicates that just under half of all businesses in Townsville have gross business income in excess of $200,000. Such businesses are slightly overrepresented in the demand survey.
Part 1: Supply
Overview of participants

The supply phase initially involved a survey that was completed by 69 businesses from the areas of architecture, design, advertising and marketing, software and digital content and film. As is typical of the creative industries, most businesses were a single workplace in Townsville, with just over half of these based in home offices. The majority were also sole traders or small-medium enterprises. Many of the survey participants were very experienced practitioners, having worked in the industry for a number of years. Interviews and discussions were also held with 29 creative industries practitioners as a way of further exploring key issues to emerge in the survey and about the industry more broadly.
Part 1: Supply
Professional Development

The creative industries sector is changing rapidly, largely as a result of changes in technologies as well as the digital revolution more broadly. Specific areas of the creative industries in this project are also severely challenged by the rise of the self-taught practitioner in such areas as photography, film and design, with entry costs to the market declining and with no regulation of entry or operation. Those working in the sector have to fight hard to maintain currency and to keep up to date with the latest industry developments.

Being located in Townsville, northern Australia, does pose challenges for those in creative industries in terms of their professional development. Distance and associated cost is the major issue for those who want to attend seminars, events and trade shows which are typically held in capital cities. In addition, costs can escalate for local businesses in terms of equipment, with many forced to purchase items that they may readily be able to hire in capital cities. For many in the industry, it is also necessary to diversify their practice rather than be a specialist.

Nevertheless, many industry practitioners overcome these issues through four key strategies and which they acknowledge are viable solutions to the relative isolation of Townsville’s place in the north:

• Online learning in both paid work time and through self-education
• Networking and holding local industry events
• Selective travel to events beyond Townsville
• Sharing of equipment and resources

“In regional cities we have to be a bit more generalist. If I only do something very narrow I have less professional opportunities.”
“Most of our professional development is done online so we do a lot of webinars, reading, short courses hosted online through sites like ‘Skillshare’ and ‘Coursera’. It’s mainly internet based learning.”
Townsville – Local Inspiration

Survey respondents were invited to nominate the three places that they seek out for creative inspiration. The heat map in Figure 1 on the right indicates that it is Townsville’s proximity to the coast and to natural waterways that offer creative inspiration for many. The Strand, Magnetic Island, Bushland Beach, Pallarenda and the Ross River corridor feature strongly in the minds of those working creatively and assists them in maintaining their professional standard and for developing their practice.

The place that is Townsville also provides local creative industries practitioners with a number of advantages. Apart from the natural features in and around the city, creative industries practitioners recognise the sense of community and how Townsville’s relative ‘smallness’ can be an advantage, with many experienced practitioners achieving a high profile in the city as a result of producing strong work for many years for loyal customers and clients. Practitioners with a high quality product are able to be known quickly and to keep a high profile while protecting their reputation through excellent work.

“We have great weather for most of the year. Doing what I do, a lot of my photography is outdoors so that makes a big difference.”
Key recommendations for moving the sector forward

What can be done now to further enhance the opportunities for professional development for creative industries practitioners in Townsville?

- The formation of a ‘creative industries’ representative group to become the voice of the sector in Townsville
- Maintain and build the networking events commenced as part of this project
- Lobbying by the sector in partnership with key stakeholder groups to attract further industry events and trade shows to the north
- Collaboration between the sector and major education and business development organisations (e.g. JCU, Townsville Creative Technologies Centre, Townsville Small Business Development Centre) for training and workshops particular to the creative industries.

“I think we have more time here. We don’t have to spend so much time in traffic. We have more access to people, it’s easier to meet and do what you have to do.”

Figure 1 – sites for creative inspiration in Townsville
Part 1: Supply

Business fundamentals

The Townsville based creative industries businesses in the sample constitute a wide spectrum of businesses in terms of gross business income. Whilst the majority report gross business income between 50,000 and 500,000 Australian dollars, there is also good representation on the extremes of the spectrum. The vast majority of the sampled creative industries businesses report profits in the 2013/2014 financial year.

The supply sample draw their business income from a wide range of industries, however, three sectors stand out: ‘Construction’, ‘Retail’ and ‘Business Services’. These three sectors provide nearly half of all business income. The first two and parts of the third sector (notably ‘Rental, Hiring and Real Estate services’) are known for their vulnerability to the business cycle. Strong reliance on businesses from cyclical sectors, implies Townsville based creative industries businesses become vulnerable to the business cycle themselves. This vulnerability was also identified by one of the interviewees:

“I’ve heard [from] the machinery people that we’ve hired that it’s been very quiet in the last year for them. The media has a lot to be responsible for. Because if they say the economy is bad, that’s what people hear and that’s a perception. Compared to Europe, Australia is doing very well”.

Another interviewee identified solutions:

“What I’m always trying to do is diversify that base a bit and get some more consistent work, particularly from a few different companies but also a few different industries”.

Further it was found that about three quarters of Townsville based creative industries business income was generated in the city of Townsville, implying that about a quarter of all services provided by Townsville based creative industries businesses are exported to clients located outside Townsville. The solid share of exports suggests that a substantial part of the Townsville based creative industries sector is competitive at a superregional scale. This provides opportunities for the sector to achieve business growth through exports, as one interviewee puts it:
“The whole world is reachable. You can deliver, you can sell to the whole world, but you also compete with the whole world now. So I think it’s very interesting because it’s a pure additional business [exports to the rest of the world]. It’s been growing.”

Figure 1: Origin of income for Townsville creative industries businesses
“Yes [we are at the forefront of this growth in the creative industries], so it’s a bit of self-interest for me to say that, but I guess that’s why we started the business, that’s where we saw the potential call for things to be.”
In stark contrast to projections around business income and profitability, respondents are less optimistic about employment prospects. That is, the majority of respondents think their business will move sideways in terms of net employment creation in the next three years, whilst there is a mixed picture about employment creation in the sector as a whole. Consequently, respondents think that growth in business income and profitability does not translate into additional employment, which gives rise to the notion of jobless growth. That could be a consequence of projected labour productivity increases (which match business income growth), current overstaffing, or alternatively, it could relate to a shortage of qualified workers in the region, as one of the interviewees explains:

“I guess it’s the particular skills and being able to work with the right people [videographers] who can communicate with the clients and they may be in Townsville but I haven’t found them yet.”

The first two arguments do not bode well for the job prospects of creative industries specialists who wish to establish their career as an employee to a Townsville based creative industries business, as opposed to the third argument.

Subsequently, Townsville based creative industries businesses were presented with a list of potential impediments to future business growth and asked to indicate which were most applicable to their business. Two broad themes emerged. Firstly, respondents saw strong competition resulting in low profit margins as an impediment to business growth – for example in photography one of the interviewees summarises:

“There might be more clients and more areas like fashion or commercial work in the cities, but always a constant huge new supply of photographers – so the competition for clients is growing exponentially.”

Secondly, respondents sensed a disregard for the quality of the work produced by creative industries practitioners among Townsville based clients, leading to strong competition of non-qualified creative industries providers, or in the words of one interviewee in design:

“Everyone is a designer. They have been watching The Block and House Rules and everyone can do everything. It’s a joke. It’s bastardising the industry in my opinion.”

These two themes were perceived to be more significant impediments to future business growth than for example recruitment and retention of creative industries specialists.

Recommendation

Develop strategies to achieve further industry diversification of the clientele of Townsville based creative industries businesses to reduce its cyclicality.
The innovation capacity of the Townsville creative industries

Globally, the creative industries have been recognised as an enabler of innovation and a vital driver of productivity and performance of an economy. The creative industries are often on the forefront of entrepreneurial and innovative developments and can assist other business sectors to innovate. The landscape of creative services supplied in Townsville is diverse reaching from traditional services to offering services that support clients’ innovation activities. The large amount of services provided include typical creative industries services for instance photography, design and printing supply.

In today’s competitive market businesses need to innovate to remain profitable and to find opportunities to grow. Creative industries service providers can help businesses to build a competitive edge, produce ideas and help with the commercialisation of these ideas. Some Townsville creative service providers are active in this area and reported that their creative services had helped clients to enter new markets with their products and services and that the work done for clients had potential for significant innovation. At the same time, creative service providers mentioned that creativity and innovation could be stifled by budgets that are often tailored towards covering traditional services, leaving no space for creative thinking outside the box.

“[Innovation is] an advantage for our business because we feel like we are ‘up there’ in terms of delivering a creative and innovative product... So that’s probably our [biggest] advantage, being innovative.””
Design Thinking and Co-Creation

In recent years, the creative industries sector has been particularly successful in supporting innovation by ‘exporting’ human-centred creative problem solving methods into other industry sectors and facilitating their implementation. The most successful and talked about creative human-centred methods are Design Thinking and Co-Creation.

Survey and interviews with creative service providers revealed an ambivalent use and understanding of the terms Design Thinking and Co-Creation. This however is not specific to the Townsville creative industries but typical of the contemporary discourse. Furthermore, it was revealed that there is significant potential for creative industries businesses in Townsville to explore and utilise the benefits of human-centred innovation processes including Design Thinking and Co-Creation.

“What is Design Thinking?
Design Thinking is a human-centered innovation process which has increasingly been introduced into areas beyond traditional design in order to accelerate the process of renewing products, services and processes that sets businesses and organisations apart and ultimately makes them more competitive.

Design Thinking is seen as a systematic approach to solving problems and involves discovery, building empathy, developing a deep understanding of the end users’ needs, generate radical and ground breaking ideas, prototype and test these ideas; experiment, fail and re-iterate and finally implement the idea.

“What is Co-Creation?
Co-creation is a new way of value creation and changing the way businesses innovate. Co-creation is about involving people or a community outside the business or organisation in new product or service development. This user-led innovation process brings various benefits for businesses that include higher probability of meeting customer needs and faster development of innovative products and services.
Collaboration

Providing innovative creative products can require a range of expertise, technologies and new ways of working. The creative industries have become highly collaborative, and the Townsville creative industries have truly anticipated this shift. A majority of the creative industries service providers describe their work in Townsville as being collaborative and many collaborate with other creative industries service providers, or experts from outside the creative industries. One third of creative industries businesses also collaborate Australia wide and/or internationally.

“You have lots and lots of talented people. Musicians and artists, the whole story, everything is here.”

Collaboration makes innovation possible. Although most creative service providers engage in purpose driven collaboration (e.g. a designer works with a print service provider) over one third also connect with others within and outside the creative industries for sole idea generation and to innovate.

“Getting to that next stage to produce bigger and better projects to expand our creativity, we need to connect and work with other local creatives.”

Townsville provides a pool of creative talent. However, what talent and creative services are available in the pool is not always clear, not even to creative industries members themselves. Some creative industries service providers reported that at times they feel disconnected from the rest of the creative industries. This feeling of disconnectedness is strengthened through over half of creative industries service providers working from home offices. There is clearly a lack of networking opportunities. The wish and need to connect regularly with others from the creative industries sector has emerged. The difficulty of physically locating creative industries businesses in close proximity was also voiced.

“It’d be fantastic if creative businesses were all co-located. We can work much more fluidly.”
Part 2: Demand

Overview of participants

This section of the report summarises the findings of the online survey conducted amongst Townsville businesses outside the creative industries sector. Findings are based on responses of 156 businesses that fully completed the survey.

The online survey gave participants the option to indicate their availability for a personal interview, in which they could elaborate on their creative industries services requirements and the way in which they sourced those requirements in the 2013/2014 financial year. In total, 29 respondents indicated they were available for an interview, of whom 22 were interviewed. This part of the report draws on both data from the online survey and the interviews.
Demand for creative industries services in Townsville

Besides export led growth (expanding the business beyond the Townsville boundaries – see page 14) and value added growth (through innovation and co-creation – see page 18), the Townsville based creative industries sector can also achieve business growth through increasing its domestic (Townsville) market share.

Demand for creative industries services that is sourced from non-Townsville based creative industries service providers – i.e. creative industries services that are imported from elsewhere – are a leakage to the Townsville economy and a missed business opportunity for Townsville based creative industries service providers.

This section intends to estimate the size of the creative industries service import leakage and reveal its drivers. The findings are based on the most significant creative industries service acquired by Townsville based firms in the 13/14 financial year, for which firms had full decision authority.
Townsville based firms can – broadly speaking – source their creative industries requirements in three different ways. They can source creative industries services through:

- a Townsville based creative industries service provider;
- an embedded (in house) creative industries service provider, or;
- a non-Townsville based creative industries service provider (including online providers, capital city based creative industries service providers and overseas creative industries service providers).

If Townsville based firms use the third channel to source their creative industries requirements, they import the service. One in five Townsville based firms sourced their most significant creative industries service through the third channel. Two thirds of firms had acquired the creative industries service through a Townsville based creative industries provider; the remainder used an embedded creative industries service provider.

This analysis suggests that the volume based import leakage is about 20 per cent. Since respondents were asked for the dollar value of their most significant creative industries service (and firms who used an embedded creative industries service provider were asked for the market value of that creative industries service), the dollar based import leakage can also be estimated. Firms that used a non-Townsville based creative industries service provider on average spent more for the creative industries service than firms who used a Townsville based creative industries service provider or firms who used an embedded creative industries service provider. As a result, the dollar based import leakage at 31 per cent is substantially higher than the volume based import leakage – see Figure 2.

Figure 2. Market shares in the Townsville market for creative industries services.
CREATIVE THINKING INSPIRES IDEAS.
IDEAS INSPIRE CHANGE.

31%
NON TOWNSVILLE BASED
CREATIVE INDUSTRIES
SERVICE PROVIDER

16%
EMBEDDED CREATIVE INDUSTRIES
SERVICE PROVIDER

53%
TOWNSVILLE BASED CREATIVE
INDUSTRIES SERVICE PROVIDER

24%
OUTSIDE TOWNSVILLE

76%
TOWNSVILLE
Drivers of the import leakage

If about one third of the Townsville market is lost to import, an analysis into the drivers of this loss is warranted. There is no evidence in the data to suggest that firms who use Townsville based creative industries providers have easily observable characteristics that set them apart from firms that use non-Townsville based creative industries providers or embedded creative industries service providers. That is, no evidence exists that firms who use Townsville based creative industries providers are different in terms of business income and/or industry sector than firms who use non-Townsville based creative industries service providers or embedded creative industries service providers. Nor is there evidence in the data to suggest that firms who use Townsville based creative industries providers seek different types of creative industries services than firms who use non-Townsville based providers or embedded creative industries service providers. The only difference between the three sets of firms is the amount they spent on the most significant creative industries service: expensive creative industries services are disproportionally more often provided by non-Townsville based creative industries providers.

This finding suggests that non-Townsville based creative industries service providers are better at completing larger projects. However, when asked to rate their satisfaction with the provided creative industries service, firms who used a non-Townsville based creative industries service providers did not report higher satisfaction with the acquired creative industries service than firms who used a Townsville based creative industries provider or an embedded creative industries service provider – not even when concentrating on larger projects.

Evidently, the drivers of the choice of creative industries service providers and by extension the import leakage, are more obfuscated. Firms who used a non-Townsville based creative industries provider or an embedded creative industries service provider were asked why they decided against using a Townsville based creative industries provider. A significant share of the firms that used a non-Townsville based creative industries provider for their most significant creative industries service were not aware of any Townsville based creative industries providers who could service their needs. Or as one of the interviewees put it:

“Do they exist? They probably do, I’m sure they do [but] I’ve got no idea [where to find them].”

Some of those who were aware of Townsville based creative industries service providers, but did not select them, thought they could not compete on quality or price. Lack of awareness was no reason for firms who used an embedded creative industries service provider to not use a Townsville based creative industries provider to meet their creative industries requirements. Firms who use embedded creative industries service providers mainly prefer that arrangement to engaging with a Townsville based creative industries service provider because of price and / or quality reasons. Subsequently firms who used a Townsville or a non-Townsville based creative industries service provider were asked to indicate the most important criteria that informed their choice. Significant input into the creative process is in the top three most important criteria for both sets of firms. Interestingly, whilst reputation of the creative industries service provider and price complete the top three most important criteria to select a Townsville based creative industries service provider, these two criteria were the two least important criteria to choose a non-Townsville based creative industries service provider. Product range is a more important selection criteria when choosing a non-Townsville based creative industries service provider than when choosing a Townsville based creative industries service provider.
The joint importance of price and reputation as selection criteria for Townsville based creative industries service providers may indicate that substitution between reputation and price occurs, i.e. Townsville based creative industries service providers without a strong reputation can still compete with reputed Townsville creative industries service providers based on price. This is in line with findings from the supply survey – see page 16 which demonstrated that Townsville based creative industries businesses considered competition from non-qualified amateurs an important impediment to business growth. One interviewee indicated that promotion strategies to distinguish themselves within Townsville are lacking:

“It’s world class. Well, the tops of them are”.

Another interviewee mentioned:

“When you get into the more and more creative stuff like photography and websites, there’s a lot there but there doesn’t seem to be a lot of credibility either, unfortunately”.

The discrepancy in the role that reputation plays in the decision to use a Townsville based creative industries service provider as opposed to a non-Townsville based creative industries service provider may relate to reputation heterogeneity. If the field of non-Townsville based creative industries service providers who offer their services in Townsville are perceived to be homogeneous in terms of (high) reputation, reputation need not be a selection criteria when a non-Townsville based creative industries service provider is selected. If reputation amongst Townsville based creative industries service providers is heterogeneous, it will be an important selection criteria when a Townsville based creative industries service provider is selected. The interviews provided support for reputation heterogeneity among the Townsville based creative industries sector. When prompted about the quality of Townsville creative industries sector, one interviewee said:

“I come across quite a few [creative specialists] from time to time and I’m amazed at the level of capability we have in the region. But I’m not sure if they do well in profiling themselves outside their sector”.

The same applies to strategies that promote unique qualities of the Townsville creative industries sector compared to capital city creative industries businesses, or as one interviewee worded it:

“I think we need to showcase them more. Something I believe we do very well but we’re not showcasing outside of Townsville, is their ability to work in this tropical environment. So firms out of Sydney and Melbourne are given ‘the nod’ when guys here have a greater understanding of the geophysical environment they’re operating in”.

**Recommendation**

Better profiling of the industry to focus on two aspects. The profile should succeed in (1) separating the chaff from the wheat in the Townsville creative industries sector (i.e. reducing reputation heterogeneity of the local industry) and (2) highlighting the uniqueness (its focus on the tropics) of the Townsville based creative industries industry compared to capital city creative industries businesses (opening up export potential).
CREATIVE THINKING INSPIRES IDEAS.

IDEAS INSPIRE CHANGE.
The demand for creativity and innovation support in other business sectors

Design Thinking and Co-Creation

Townsville businesses have a variety of strategies to stay competitive through innovation. In interviews strategies such as comparing markets, listening to clients and using best practice as a guide were highlighted. The survey revealed that there is a low demand from firms for support in human-centred innovation processes through the creative industries. The spending on services from the creative industries such as Design Thinking and Co-Creation was significantly lower compared to spending on more traditional services such as advertising, media and design services. A key criterion for firms to select a Townsville-based creative service provider was the high reputation more so than the provider being innovative. At the same time interviews revealed an ambivalent understanding in particular of the term Design Thinking.

Nevertheless, during the interviews participants gave a range of examples how creative service providers helped their firm innovate. The focus was on information technology and marketing in particular the use of social media. Support was sought from creative industries service providers across all locations; Townsville-based and in-house (embedded), Australia wide or from international providers.

Using embedded creative service specialists is an obvious choice for firms with access to an in-house creative team when seeking support in creativity and innovation. Larger firms often have creative teams as part of their organisation. These ‘embedded creatives’ complete specialist creative services, usually outsourced, within the organisation. Embedded creative positions are growing nationally.

Considering that embedded creatives hold 16% market shares in the Townsville market for creative industries services (see Figure 2), they need to be recognised as part of the Townsville creative industries. Embedded creatives can, in the same ways as Townsville-based creative service providers, contribute significantly to the growth of the Townsville economy by driving innovations from within a firm.

Key recommendations for moving the sector forward

What can be done now to further grow the potential of the Townsville creative industries to assist other business sectors in innovation activities?

• Raise awareness within other business sectors about the role creative industries service providers can play in assisting and leading innovation processes

• Identify embedded creatives as part of the Townsville creative industries to involve in networking and innovation training and workshop activities.
Demand for creative industries services – insights from interviewees

A key part of the project involved interviews with businesses from other parts of the Townsville economy. Participants were invited to talk about positive experiences they have had of working with local creative industries specialists. The various responses give interesting insights into what clients are looking for in terms of a relationship with creative industries specialists. Below are example quotes of such positive experiences.

“Right at the moment I am going through a rebranding exercise with a local branding and design firm. It has been fantastic. They have been very professional, thought provoking and [have] exceeded all my expectations with what has come out of the project…. They have been really professional and I think you would get this kind of service in the big cities as well.”

“I had no idea about how to create websites, other than going on a website development page and just being given a blank template. I had no idea how to engage my audience, what information to put in there, how much to put in there or anything like that. I had a great experience with this website design company because they actually sat down and listened to what I wanted and what I needed. What they also did was they actually got me to start thinking about my audience and really define who they were and how I was going to be linking to them and connecting with them as a business… So that was excellent.”

“I guess we just work together well and the outcome is what we wanted. We communicate it with them so they come back with a design that we liked and fitted in with our theme and our image that we want to portray of our organisation.”
Nevertheless, there were also stories of businesses who had not necessarily had positive experiences during their engagement with local creative providers, and which provides insights into what creative industries businesses may need to be even more aware of in their future dealings with clients:

“They have a product they are trying to sell and they are just trying to walk you across to why you want their product rather than listening to what you want and trying to see how a) their product could suit you or b) how they could modify or what else they could do.”

Overall, there were many positive stories reported about the capacity of Townsville’s creative industries to supply services to the rest of the Townsville economy, although there is certainly room for the creative specialists in the sector to make themselves more well-known and profiled in the community. There are also opportunities for the creative industries workforce to reflect on how they engage with clients and how their working relationships may be even further enhanced and developed over time.

“We have used photographers and we have used a web design company that does web design and graphic design. We have often found that we have creative differences and it’s more of them not taking on board what we’re looking for or maybe it’s us not giving enough of what we are looking for.”
“I have certainly seen where people aren’t listened to and they have been forced to have certain things because the business doesn’t have time to really sit with a company and work on what they want out of it. They are kind of just directed on ‘this is what you want, this is what you’re going to have’ and there’s no real exploration for either parties to come together and create together.”
Overall Summary and  
Future Research Directions

The project outcomes involve a number of key recommendations. The following are key **recommendations for the creative industries sector** in order to promote growth in the sector:

1. The **formation of a creative industries advocacy group** to be the voice of the sector in the wider economy

2. The **pursuit of strategic partnerships amongst creative industries practitioners** to share knowledge, resources and to create efficiencies and economies of scale

3. The **development of a centralised e-hub and or physical site** that brands and promotes the specialist creative services available within the city and to other parts of the economy

4. The **development of a stronger understanding and use of key contemporary innovation processes** – in particular Design Thinking and Co-Creation – to become a stronger part of how creative industries businesses work and promote their capabilities

5. The **promotion of specific unique characteristics** of local creative industries e.g. tropical expertise, compared to capital city providers

6. A strategic approach for the Townsville creative industries to move towards a more diverse client base to avoid being tied to cyclical industries

7. Identify the areas of **connectivity and expansion** for the creative industries across northern Australia to position Townsville as a leading centre of innovation drivers.
In addition, the following represent key recommendations for Townsville City Council in moving the sector forward:

1. The formation of creative industries business clusters and/or a creative and innovation precinct in a strategic city-based location
2. The profiling of high quality creative industries practitioners and the work they produce as a way of further branding Townsville as a business and creative destination
3. Support for and leadership in attracting new investment in creative industries services and products from external parties
4. A renewed push and support for using local creative industries specialists as preferred suppliers across the broader Townsville economy
5. Support for presenting innovation workshops, trade events and industry promotion activities specific to the creative industries
6. Develop a creative industries strategy to enable the above recommendations to be implemented and evaluated which aligns with / builds on (1) the existing regional policy framework (e.g. the Northern Development strategy) and (2) international best practice.

The above recommendations represent potential key strategies to pursue over the next three years, after which there would be more opportunity to review. Ultimately, this project has laid a foundation of understanding – the pursuit of sector growth and development is now a key opportunity for all key stakeholders involved.
Acknowledgements

James Cook University Research Team:
Professor Ryan Daniel
Associate Professor Katja Fleischmann
Dr. Riccardo Welters

James Cook University Research Assistants:
Alex Christopher
Eileen Larsen
Dianne Purnell
Robert Johnstone
Rachel Hay

Townsville City Council Members:
Mayor Cr. Jenny Hill
Simon Millcock
Matt Morris
David Lynch
Rebecca Kind
Jill Dolphin

Further Acknowledgements:
Professor Sandra Harding
Vice Chancellor
James Cook University
Professor Peter Murphy
Head of Arts and Creative Media
James Cook University
Associate Professor Laurie Murphy
Dr. Jane (Tingzhen) Chen
Clare Powell Photography
VERVE Design
College of Arts, Society and Education administration staff
Trevor Goldstone
Kelly Blainey
Creative Industries Cluster Manager
Blue Mountains Economic Enterprise Ross Tracy
Scott-Rimington
SEQ & Regional Development Coordinator
Regional Development Australia Townsville Community Information Centre
Townsville Chamber of Commerce
Townsville Business Development Centre
Community Information Centre
creative thinking inspires ideas.
ideas inspire change.
Appendix

Launch of Research Project: 8 December 5-6.30pm. Townsville City Council, Walker Street Forecourt. Officially launched by Mayor Cr. Jenny Hill.


Media release (Creatives need chance to shine): Sent through Townsville City Council and James Cook University contacts. Media received 3 October 2014, Townsville Bulletin, pg 45.

Interim Symposium 26 March 12.30-4pm. The Symposium provided excellent discussion and networking.

First Townsville Creative Industries Networking Event: 11 June 2015 5-6.30pm, James Cook University City Campus with 19 attendees. Presentation from Peter Summers, managing director at FNB Asia Pty Ltd. Presentation from John Williams. Update from project provided by Ryan Daniel from JCU and Matt Morris from TCC.

Townsville Creative Industries Networking 17 September 5-6 30pm, James Cook University City Campus with 25 attendees. Presentation from Greg Sexton, senior associate and North Queensland Manager of Conrad Gargett. Update from project provided by Simon Milcock from TCC and Alex Christopher from JCU.


QLD Economic Development through the Creative Industries event 2-3 August 2015, a Townsville City Council event with 70 attendees. A collection of films by local business, JCU student and graduate that were screened during forum breaks. Presentation from Research Project Team.
CONTACT DETAILS

Professor Ryan Daniel
College of Arts, Society and Education
James Cook University, Townsville
QLD 4811 AUSTRALIA

P (07) 4781 4612
E Ryan.Daniel@jcu.edu.au
W jcu.edu.au

TOWNSVILLE CITY COUNCIL

P 1300 878 001
E investtownsville@townsville.qld.gov.au