Locating innovation in the urban cultural economy: the case of screen-based industries in Toronto

Charles H. Davis, Ph.D.
RTA School of Media
Faculty of Communication & Design
Ryerson University
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RYERSON UNIVERSITY RTA TRANSMEDIA CENTRE Innovation in content

agenda

- Innovation in culture-producing industries
- Some characteristics of the screen-based industries in Ontario
- How to understand innovation outcomes in culture-producing industries? Five generic innovation pathways
- conclusions

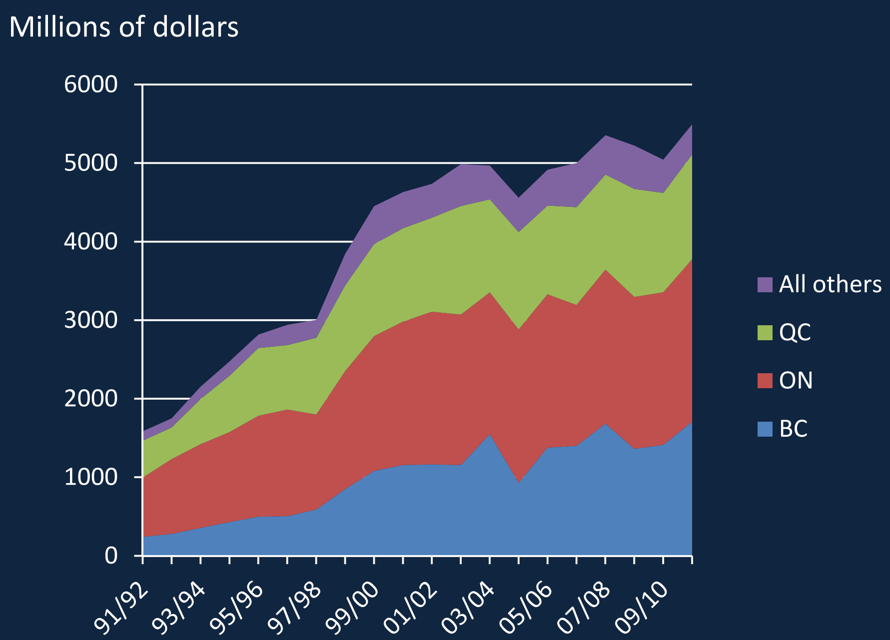
Innovation in culture industries

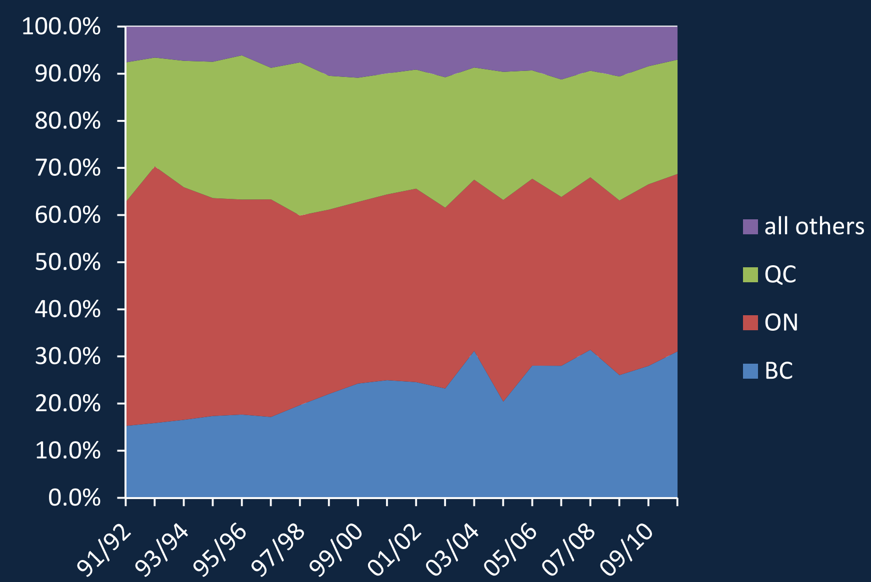
- Understanding (and improving) innovation in culture-producing industries raises several challenges (Davis, Creutzberg & Arthurs, 2009)
  - sectoral boundaries are increasingly fuzzy (so statistics are often unavailable)
  - the OECD-sanctioned TPP model of innovation is not adequate (i.e. innovation is not primarily about how R&D improves production efficiencies)
  - no conventions exist for measuring increments of innovation
  - we cannot assume that *rate* of product innovation reliably predicts commercial success
  - "spillovers" or externalities play an important role

The Ontario Entertainment and Creative Cluster

- Ontario’s Entertainment and Creative Cluster encompasses book and magazine publishing, music, interactive digital media, and film and television production
- The Ontario Media Development Corporation estimates the economic size of the cluster at $12.2B (larger than Mining, Agriculture & Forestry, and Energy sectors in Ontario) (Thorne-Stone, 2012)
- The cluster is growing rapidly, and around 75% of it is located in the Toronto region.

90% of all film and TV production and post-production in Canada takes place in three centres: Montreal, Toronto, and Vancouver





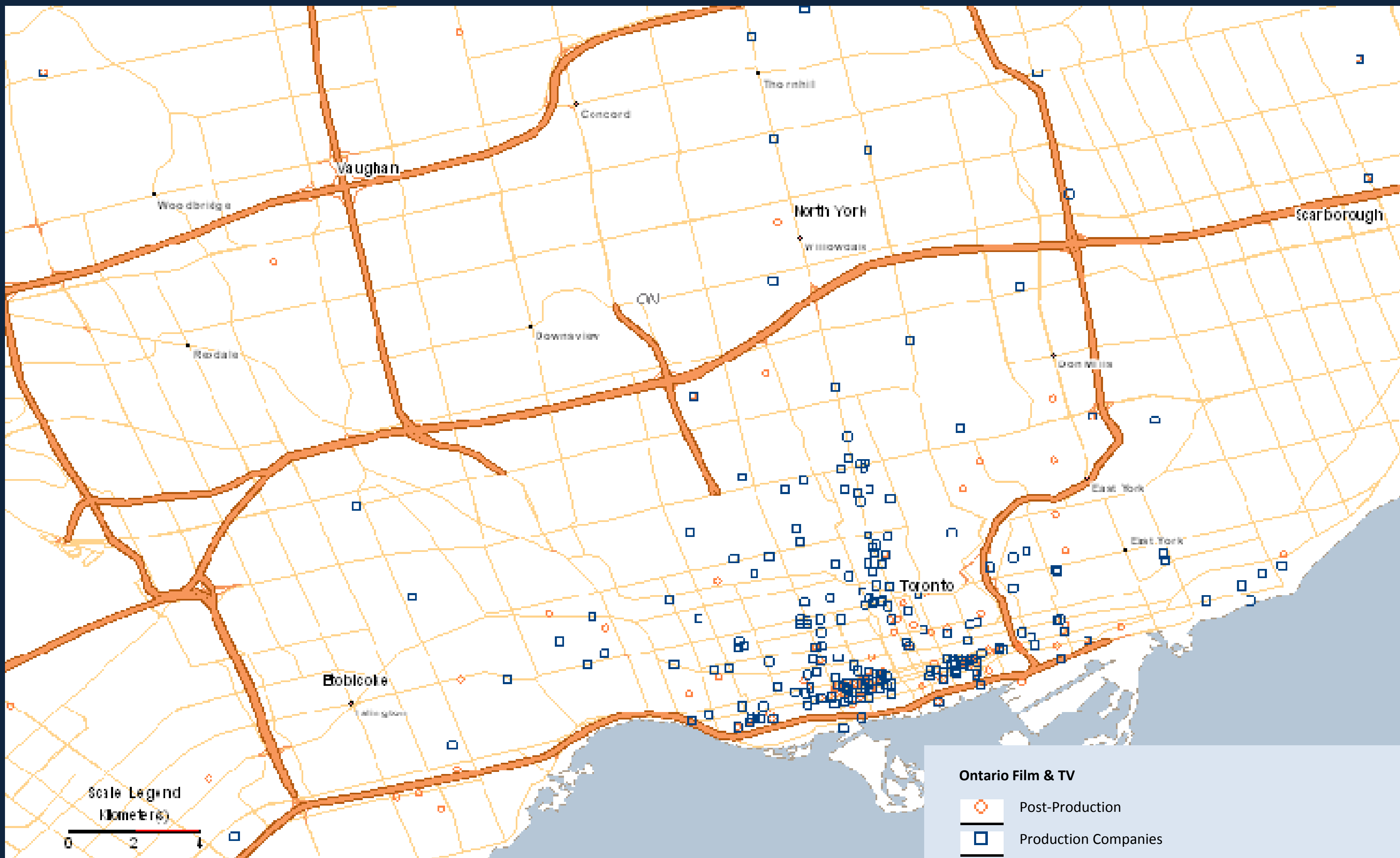
Note: in each province, the respective principal city-region accounts for >80% of production volume.

Source: CFTPA/CMPA, various years

Production and post-production firms in Ontario

HAL, 2009

Within the GTA, most film/TV production and post-production firms are located in the central core in three areas: King West-Liberty Village, the Distillery District, and Yonge St. between Bloor and Eglinton



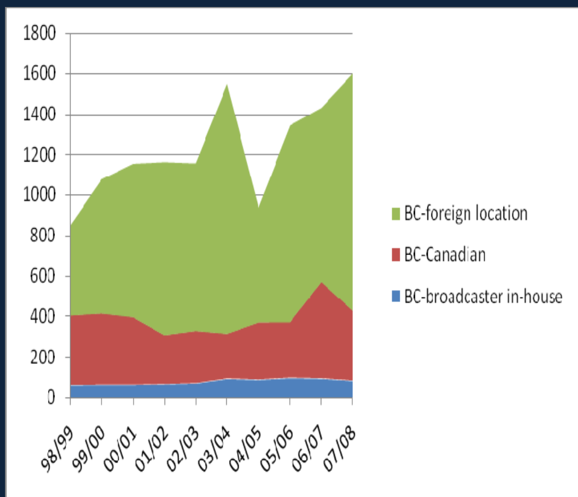
HAL, 2008

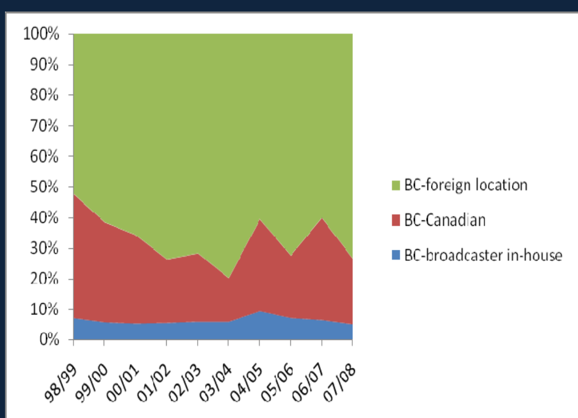
Innovation pathway #1: from production to IP rights management

- Much European media research accepts that countries have indigenous film and TV industries.
  - The issue then is what are the implications of convergence, privatization, regionalization, globalization, digitization, etc., on indigenous content-producing industries and their audiences.
- Much North American research, in contrast, has regarded the development of centres outside Hollywood and New York in terms of “runaway” or outsourced production.
  - The issue then is what are the long-term development prospects for the resulting “satellite” production centers.

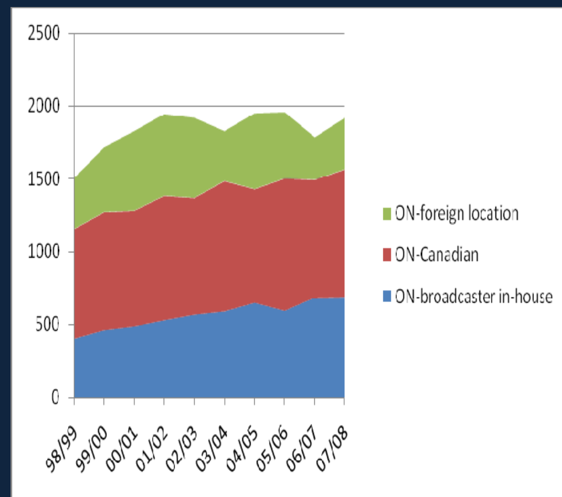
Each of the three principal Canadian screen industry production centres has developed specialized capabilities

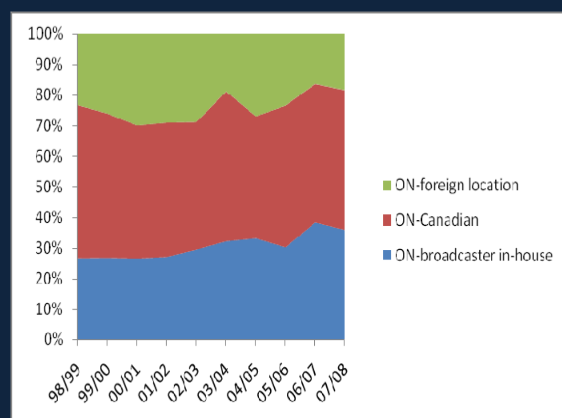
Vancouver: service production dominates



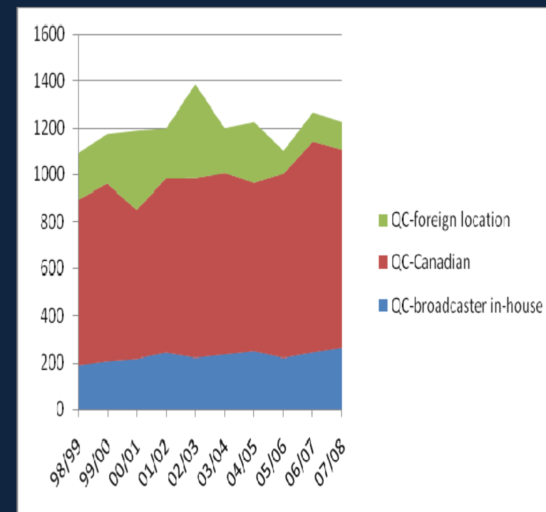


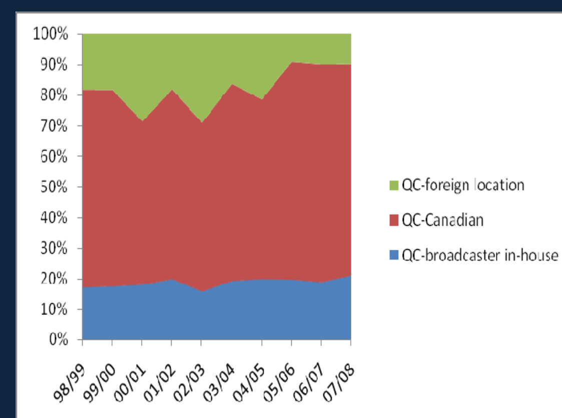
Toronto: English-language Canadian-owned IP





Montreal: French-language Canadian-owned IP





Innovation pathway #2: commercialization by startups with new products

- About 20 digital media incubators / accelerators have emerged in Ontario
- Ryerson's Digital Media Zone is currently incubating more than 30 companies.

Digital Media Zone

- Demand is very high for places in incubators and accelerators
  - Cost of validating a business idea has declined substantially
- BUT most of the current generation of digital media firms are technology plays , content aggregators, or games
  - It remains a challenge to incubate firms that offer narrative-based content.

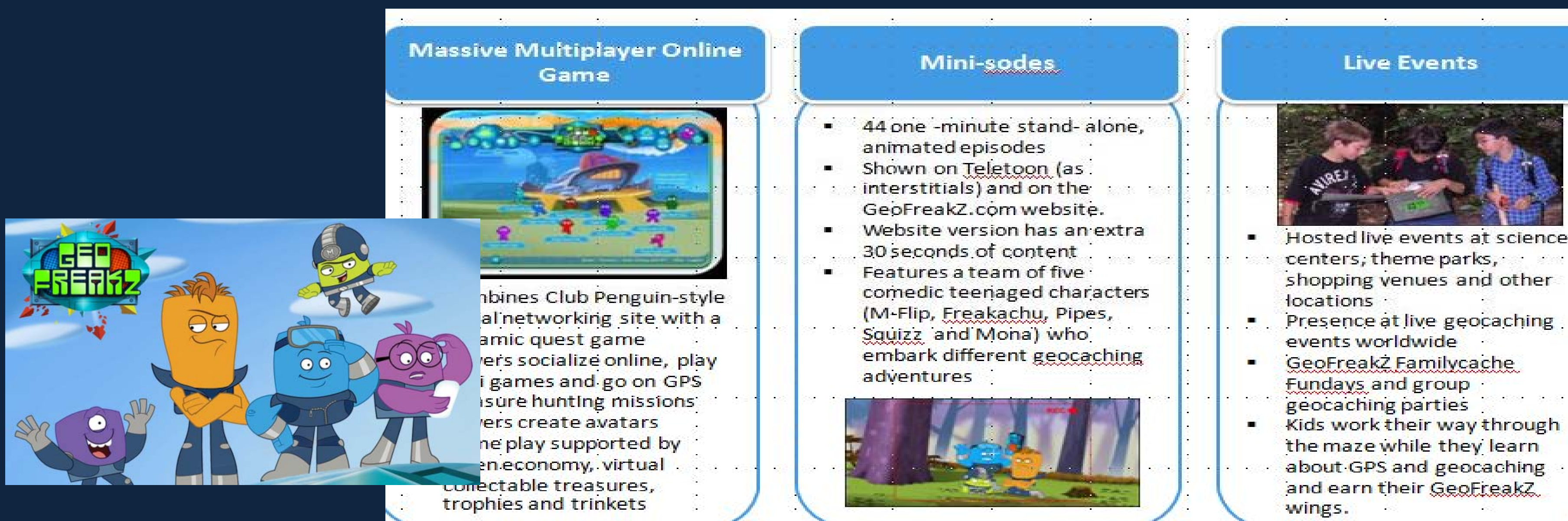
Innovation pathway # 3: knowledge spillovers (Frontier Economics, 2007)

- Culture-producing firms acquire new capabilities through adoption of advanced ICTs
- Recent examples: 3D film or tv, mobile digital television, Internet connected television, explosion of SFX into mainstream film & tv

Mr X Inc – scene from *Lust, Caution*

Innovation pathway # 4: product spillovers (Frontier Economics, 2007)

- In the product spillover pathway, creative products and services induce demand for complementary products in other industries. Example: GeoFreakz (CCI)



Innovation pathway #5: network spillovers (Frontier Economics, 2007)

In a network spillover, cultural infrastructure can induce changes in the surrounding environment. Example: TIFF Bell LightBox

conclusions

- Innovation in culture-producing industries is *less* of an exact science than in other industries
- Spillovers or externalities can be significant factors in the value creation and capture process
- Innovation 'spaces' for cultural products are not exclusively geographic but also have key institutional, technological, and social dimensions.
- It is important to find ways to extend innovation policy and strategy to the content-producing industries.

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