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

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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
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.
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.

• 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)

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**Massive Multiplayer Online Game**
- Combines Club Penguin-style social networking site with a cinematic quest game
- Members socialize online, play games and go on GPS treasure hunting missions
- Players create avatars
- Real-play supported by merchandise, virtual collectable treasures, trophies and trinkets

**Mini-sodes**
- 44 one-minute stand-alone, animated episodes
- Shown on Teletoon (as interstitials) and on the GeoFreakz.com website
- Website version has an extra 30 seconds of content
- Features a team of five comedic teenaged characters (M-Flip, Freakachu, Pipes, Squizz and Mona) who embark in different geocaching adventures

**Live Events**
- Hosted live events at science centers, theme parks, shopping venues and other locations
- Presence at live geo-caching events worldwide
- GeoFreakz Family Cache Fundays and group geocaching parties
- Kids work their way through the maze while they learn about GPS and geocaching and earn their GeoFreakz wings
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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