CREATIVE INDUSTRIES AND REGIONAL ECONOMIC DEVELOPMENT: CAN A CREATIVE INDUSTRIES HUB SPARK NEW WAYS TO GROW A REGIONAL ECONOMY?

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ABSTRACT: By driving innovation, creative industries can underpin economic development. Much research and policy attention has centred on the geographic clustering of creative industries to spur economic growth. The geographical clustering of creative industries businesses is often viewed as an important driver of economic growth, particularly when it comes to networking and knowledge sharing for small and medium enterprises.
There is a consensus among researchers that there is no ‘one size fits all’ approach to creative industries clusters driving economic change. Some argue to regionally develop creative industries clusters based on existing networks rather than create them from scratch by policy.
In this case study, creative industries in Townsville in regional Australia were surveyed to explore the potential for a creative industries hub based on existing networks. The survey was augmented by interviews which indicate a robust level of information sharing, joint idea generation and a desire for innovation.

KEY WORDS: Creative industries, regional economic growth, innovation, creative industries networks, creative cluster.

1. INTRODUCTION

Creative industries drive innovation by producing and commercialising ideas and offering services that contribute directly or indirectly to innovation activities within their own sectors and across other industries (Müller *et al.*, 2009; Reid *et al.*, 2010). By driving innovation, creative industries underpin economic development (Chapain *et al.*, 2010; SGS Economics and Planning, 2013). Consequently, policy makers have recognized the importance of creative industries to accelerate the growth of an economy. Much research and policy attention has centred on the geographic clustering of creative industries to spur this growth. In fact, clustering has been actively encouraged by cities of all sizes to create creative business hubs that spin off ideas and processes to drive economic change and growth (Óbidos *et al*., 2011). Examples of these creative hubs are mostly found in larger cities, like the Manchester Northern Quarters which has flourished into a creative industries hotspot since it began in the 1990s; London's City Fringe Opportunity Area clusters jewellery, fashion, furniture, publishing, digital media and cultural tourism; Tech City, also called Silicon Roundabout in east London, brings together digital startups (Bagwell, 2008; Foord, 2013). In Australia, Piivot (https://piivot.sydney/) is touted as Sydney's Digital Creative Hub and a smaller scale example is the Blue Mountains Creative Industries Cluster formed in 2013 in a region west of Sydney (https://bmee.org.au/the-cluster/). For an overview of the history and diverse clustering strategies see Mommaas (2009).

Many of these creative industries precincts have revitalized decaying inner city neighbourhoods, particularly in abandoned industrial areas where rents are cheap and creatives can ply their trade. But it is not just inner cities that benefit from creative industries development. Many researchers refer to 'industrial clustering' as being vital to the development of regional economies (Fingleton *et al*., 2005; Hong *et al*., 2014; Yu *et al*., 2014). Industrial clustering in this sense means discreet "geographical concentrations of firms from the same sector – or related sectors along the value chain – that collaborate and compete with one another, and have links with other local actors (such as universities)" (Chapain *et al*., 2010, p. 8).

For many years the majority of research and policy attention has focused on the development of creative precincts in large cities. More recently, those same ideas have shifted to the role creative industries can play in developing regional economies (see Gibson, 2012; Harvey *et al*., 2012; Yu *et al*., 2014; Daniel *et al*., 2016; and Fleischmann *et al*., 2017). Gibson 2012 argues that creativity can be found even in the rural heartland of Australia where farming takes centre stage. Harvey *et al*. (2012) also contend that this urban bias toward creative work is offset by creativity in rural clusters; their study focused on Krowji, a small creative cluster in West Cornwall, England. The researchers found that Krowji's textile artists, jewellers, fine arts practitioners, graphic designers and photographers exerted an influence far beyond their small community. Yu *et al*. (2014) concluded that creative industry clusters in regional China contributed positively to efficiency innovation and economic development in local industries. Fleischmann *et al*. (2017) identified the innovation potential of the creative industries to contribute to the growth of a regional economy in the North Queensland. They argue that policy makers have to be at the forefront of driving this systematic change to integrate and nurture creative industries so they can contribute to the overall regional economy (Daniel *et al*., 2016).

Central to the idea of clustering creative industries is Tuan's influential 1979 work, "Space and Place: Humanistic Perspective." Tuan's central thesis is that we confer meaning on the spaces we inhabit through emotion, belief and culture. In accepting this basic premise of organising the spaces we inhabit, it makes sense to put like-minded people, like creatives, together or near each other to create a geo-spatial sense of belonging. Various researchers say attempts to create these spaces through government support do not necessarily guarantee economic growth (Kline and Moretti, 2013). Brugmann (2009) argues that city systems grow organically, not through technical planning.

Florida's (2002) concept of the creative class sparked the idea of creative cluster building also involving other sectors of the economy such as engineering, technology and science. As a consequence, creative industries sectors that are more commercially focused such as design, advertising and digital media–and which can contribute directly to a cross-industry commercialization process–attracted research and policy attention. These commercially focused sectors are high value and high skill creative businesses that according to Burns and Kirkpatrick (2008) "are predestined to cluster" (p. 38). Moretti (2014) argues persuasively that globalization and localisation do not impact the growth of creative industries, but it has a more basic social cause:

> "*Being around smart people makes us smarter and more innovative. By clustering near each other, innovators foster each other's creative spirit and become more successful. Thus, once a city attracts some innovative workers and innovative companies, its economy becomes even more attractive to other innovators. In the end, this is what is causing an increased concentration of good jobs, talent, and investment*." (p. 20).

While in recent years many researchers and policy makers have seen the physical co-location of (creative industries) businesses as an important incubator for idea development, point of connection and economic development, Collits and Rowe (2015) argue that global mobility has re-cast this need for geographical clustering. They suggest that the decentralization of industries and businesses through outsourcing and communication technology challenges the idea of a homogenous region and instead views a world where ideas and expertise are exchanged over large distances (Collits and Rowe, 2015, p. 78). Collits and Rowe, who explored the Australian context, suggest "policy and strategy need to change, based on, and aligned with, a fundamentally new conception of the region as unstable, complex, relational, porous and openly networked" (p. 78).

How does a regional city such as Townsville—located, 1 300 km from the nearest major city in Australia–promote creative industries in the openly networked world envisioned by Collits and Rowe? Daniel (2015) describes Townsville as a city "in a holding pattern, … [not] pursuing a distinctive set of strategies to grow the cultural and creative economy" (p. 226). Hence, are face-to-face creative industries clusters needed? Can borderless work become the standard? Or are both models viable? Extant research suggests that there is not a 'one size fits all' approach to these questions (Reimer *et al*., 2008; Lorenzen and Andersen, 2011; Bishop and Han, 2013; Hong *et al*., 2014).

This research study sets out to explore the viability of a creative industries hub—in the regional city of Townsville, Northern Australia—to drive regional economic growth and develop a strategy that is based on natural business affinities. Instead of relying on a top-down approach, the study explores existing creative industries networks and collaboration practices in Townsville. The focus of this research is on commercially oriented sectors of the creative industries such as design, photography and advertising.

2. LITERATURE

Creative Industries Networks in an Innovation Context

The geographical clustering of businesses is often viewed as an important driver of economic growth, particularly when it comes to networking and knowledge sharing for small and medium enterprises (Florida, 2002; Pratt, 2006; Scott, 2006; Felton *et al*., 2010; Yu *et al*., 2014).

Networks not only build relationships with existing or potential clients but also partnerships with other creative industries businesses. This in turn creates a creative industries synergy. Such synergies come to fruition when "groups of individuals, often from different businesses, come together for a limited period of time to undertake specific tasks before switching ties and being reassigned to other projects" (Reimer *et al*., 2008, p. 164). Much of the creative work is short-term projects that rely on fluid workforces (Reimer *et al*., 2008). Rather than being a weakness, this fluidity contributes to idea innovation as different perspectives intermingle (Wood *et al*., 2011). A typical example of this cross-pollinating of ideas is between Information Technology (IT) and design companies (Polese, 2012).

A study conducted by Müller *et al*. (2009) explored the role of the creative industries in the innovation context and discovered many valuable connections between networking and developing innovation potential to drive economic development. Müller *et al*. (2009) discovered that "innovative efforts are driven, among others, by a firm's networking with other creative enterprises" (p. 166). Similarly Bakhshi and McVitte (2009) who explored the relationship between creative supply-chain linkages and innovation found that "business-to-business purchasers of creative products, and sales to creative businesses, are particularly important between creative industries themselves" (p. 185).

When creative industries employ each other's services or work together on projects, Müller *et al*. (2009) found an increase in innovative ideas, Research and Development (R&D) and, critically, a stabilization of work networks to foster these ideas. Collaboration costs were also reduced. Pratt (2004) previously argued that these creative industries clusters foster innovation and justify policy support.

Krätk (2004 in Harvey *et al*., 2012) sees clusters as a "space of opportunities" (p. 535). Clustering can help creative industries, particularly micro businesses, save costs, share ideas, provide learning opportunities and flexibly respond to work assignments (Chapain *et al*., 2010; Yue, *et al*., 2014).

Various authors have highlighted the so called ‘knowledge spillover’ effect as a source for innovation (e.g. Bakhshi *et al*., 2008; UNCTAD, 2008; Chapain *et al*., 2010). Such knowledge spillovers can happen through knowledge flow between creative businesses when working collaboratively or with subcontractors or by “simply observing, copying or adapting others’ innovations” (Bakhshi *et al*., 2008, p. 15). Reimer *et al.* (2008) argue that radical or 'cutting edge' ideas are most often only formed when creative businesses have networks that facilitate spillover effects. They argue that creative businesses without such networks are unlikely to grow.

Creative industries businesses are often small to medium size enterprises. In Australia “98% of creative businesses employ fewer than 20 employees” (CIIC, 2013, p. 11). Müller *et al*. (2009) found that small creative industries have to network and employ each other’s expertise or run the risk of being marginalized by clients who perceive companies as too small to handle their requirements.

Given this market reality, creative industries that offer complementary services sometimes co-locate. Chapain *et al.* (2010) found that advertising and software firms tend to cluster as do music, film, publishing, radio and TV businesses. Chapain *et al*. (2010) argue these natural creative clusters are the result of “value chain linkages, shared infrastructures…[and] knowledge spillovers” (p. 4). The results can be commercial innovation and Chapain *et al.* (2010) contend that policymakers should take advantage of these natural business affinities.

Chapain *et al*. (2010) and Reimer *et al*. (2008) argue that these synergies do not run across all creative industries sectors, citing the lack of strong networking between design agencies who may be working in close proximity to other agencies but who compete for business and are wary about collaborating “for fear of disclosing sensitive information” (Chapain *et al*., 2010, p. 5).

Despite the stance that creative industries can function without being clustered, research indicates that clustering improves innovation, idea sharing, and saves smaller companies money in providing value to clients.

Co-location Equals Innovation?

At the heart of the co-location debate is whether or not geographic clustering actually makes creative industries more efficient in developing regional economies. There is also debate on whether large metropolitan concentrations of creative industries will continue to grow while regional focus remains undefined (Reimer *et al*., 2008). Collits and Rowe (2015) argue that regional planners often do not have a clear idea of how their economies work and even less idea about how to incorporate creative industries in regional economic planning.

There is a consensus among researchers that there is no 'one size fits all' approach to creative industries clusters driving economic change (Lorenzen and Andersen, 2011; Bishop and Han, 2013; Hong *et al*., 2014). There is also agreement that urban areas in Australia and elsewhere exert a dominant influence in attracting creative industries and are the focus of policy initiatives (Burns and Kirkpatrick, 2008; Wait and Gibson, 2009; Harvey *et al*., 2012). Australia's capital cities attract subsidies that encourage the development of creative clusters because of available cultural resources. Less successful in securing government subsidies and attracting marketing initiatives are regional areas and even metro suburbs, which are seen as something of a cultural and creative outback, despite evidence to the contrary (e.g. Felton *et al*., 2010; Flew, 2012).

Co-locating creative enterprises in urban areas is based on a perception that networking on a social and profession level is easier. There is little agreement, however, about how these businesses network. Reimer *et al*. (2008) argue that creative networks are more opaque than clear, a view shared by Comunian *et al*. (2010) who conclude that 'micro-interactions' between creative workers are amorphous (p. 5).

Mommaas (2009) argues that co-location in subsidized spaces does not automatically mean creative industries will collaborate or interact with each other. Furthermore, there are "doubts about the extent to which policy initiatives can produce strong and sustainable clusters", and Chapain *et al*. (2010) argue that "competitive industrial agglomerations emerge through lengthy and organic processes that require the right mix of local resources and relationships" (p. 43). Chapain *et al*. (2010) in fact argue for regionally developing creative industries clusters based on existing networks rather than creating them from scratch by policy or cultural fiat, which they argue is "notoriously difficult" (Chapain *et al*., 2010, p. 5).

Researchers are also grappling with the question of whether the globalized business-to-business world re-casts the co-location debate because "global supply chains have often superseded more localised supply chains or at least operate alongside them. Should we privilege proximate clusters over long distance clusters (and their local elements)?" (Collits and Rowe, 2015, p. 90).

The Regional City Townsville – What is Known about the Creative Industries?

Townsville is the largest regional city in northern Australia. With a population of approximately 186 000 Townsville is unofficially called the capital of tropical North Queensland. The city is geographically isolated from Brisbane, Queensland's capital, the latter located 1300km south and the next major city, Cairns (population: 156 000) located 350km north. Government services, including Lavarack Army Barracks and Royal Australian Air Force bases dominate Townsville's regional economy. The city's creative venues include galleries, performing arts halls and outdoor spaces for concerts and exhibitions (Daniel, 2013).

A scoping study conducted by Daniel *et al*. (2013) mapped Townsville's creative industries workforce. Based on 2011 ABS census data, the Townsville workforce numbered 70 923 of which 2 048 (2.9%) people held creative occupations. The study also revealed that the creative industries sector had declined slightly over the 5-year period (2006 – 2011) with some occupations like photography being impacted by amateurs using digital equipment to dilute the market. Commercially oriented creative workers such as designers and architects represent the majority of the sector, rather than traditional artists in the core creative arts such as visual artists.

A qualitative research study conducted by Daniel (2015) in the two major regional cities in North Queensland, Townsville and Cairns, provided personal insights from creative industries practitioners and revealed the following key findings:

- Remoteness negatively impacts business development opportunities for creatives; their geographical isolation results in higher costs of accessing resources;
- Interviewees referred to "close-knitted and collaborative networks to which they feel a strong sense of belonging" (p.225) with additional community and peer support; and
- The single biggest challenge to the development of creative industries was the "lack of centralization of physical spaces" which makes collaboration difficult (p. 225).

The study conducted by Daniel (2015) provides initial arguments that the formation of a creative industries hub could be a productive strategy to develop Townsville's regional economy and the creative industries sectors.

However, more detailed research into the realities of the structure and networks of the creative industries in Townsville is needed to answer the overarching research question: Is the creation of a creative industries hub a viable strategy to grow the creative industries in Townville? More specifically, can existing creative networks be employed to foster economic development in the region?

3. EXPLORING CREATIVE INDUSTRIES NETWORKS: RESEARCH METHODS

This research explores collaborative activities and existing networks of the creative industries workforce in Townsville. It forms part of a larger study which included examining the innovation capacity of the city (see Fleischmann *et al*., 2017), as well as import leakages (loss of contracts to competitors in large cities) and subsequent impact on the local economy (see Welters *et al*. 2017).

This part of the study focuses on the creation of a creative industries hub as a potential strategy to grow the creative industries, facilitate innovation and hence drive economic development in the region. The creative industries sectors surveyed were commercially focused: Advertising and Marketing, Architecture, Design, Film and Photography, IT, Software and Computer Services, and Publishing. In order to reach as many creative industries practitioners as possible, an online survey was used to achieve breadth, followed by in-depth interviews to create further depth.

Of the 308 identified creative industries practitioners in Townsville, 151 participated in the online survey with 69 of creative industries businesses completing it in full. Findings from the survey were supplemented by insights from 29 interviews. An independent researcher coded the qualitative data from the semi-structured interviews. Each question was coded according to relevant themes such as networking, collaboration, spatial agglomeration, etc. Repetitions within the themes were combined in categories that naturally emerged within each theme. First, the findings from the online survey are presented, followed by the insights from the qualitative data analysis.

4. FINDINGS

Who Are the Creative Industries in Townsville and Where Do They Do the Majority of Their Business?

The 69 respondents represented the following creative industries: Design (39%), Architecture (14%), Photography (13%), Software (4%), Film (4%), and Other (12%) e.g. Marketing. Income in 2013/14 varied between 50 000 and 500 000 AUD and was derived primarily between three client sectors: construction, retail, and property and business services. The majority of survey respondents were sole traders (57%) or small-to-medium enterprises with 41 per cent of creative industries businesses employing 2-8 people. Only one enterprise employed 30 people.

Geographical location is critical to creating creative industries hubs. To determine the reach of Townville's creative industries, survey respondents were asked to provide the number of business locations they operate from and the kind of premises (e.g. home office, commercial). See Tables 1 and 2.

As Tables 1 and 2 demonstrate, the overwhelming majority of creative businesses operate within Townsville with only 11 per cent of participants maintaining multiple locations beyond the region. Offices outside the region included Brisbane, Melbourne, Cairns and in one instance, multiple offices in China and one in Malaysia. Since more than half of the participants are sole traders, nearly 60 per cent of businesses maintain home offices, while 35 per cent are based in commercial locations. Seven per cent of creative industries businesses also share a commercial or home office space with other businesses.

Table 1. Townsville's Creative Workplace Locations.

Is your Townsville workplace the only one in your organisation or does your organisation have other workplaces, either elsewhere in Australia or abroad?	
My business is a single workplace in Townsville	84%
My business involves multiple workplaces in Townsville	5%
My business involves workplaces beyond Townsville as well	11%
Total	100%

Source: the Authors' Survey Data.

Table 2. Type of Premises from which the Creative Industries Business operates.

In what type of premises does your business operate from currently?	
Residential and/or home office	59%
Commercial office space	29%
Shared commercial office space - with other business(es)	6%
Shared residential or home office space - with other business(es)	1%
Other	1%
Total	100%

Source: the Authors' Survey Data.

To explore where the creative industries businesses are located in Townsville and whether a natural physical agglomeration exists, participants were asked to provide the postcode of their Townsville office. A heatmap was created to show the postcodes locations of the Townsville creative industries and is shown in Figure 1.

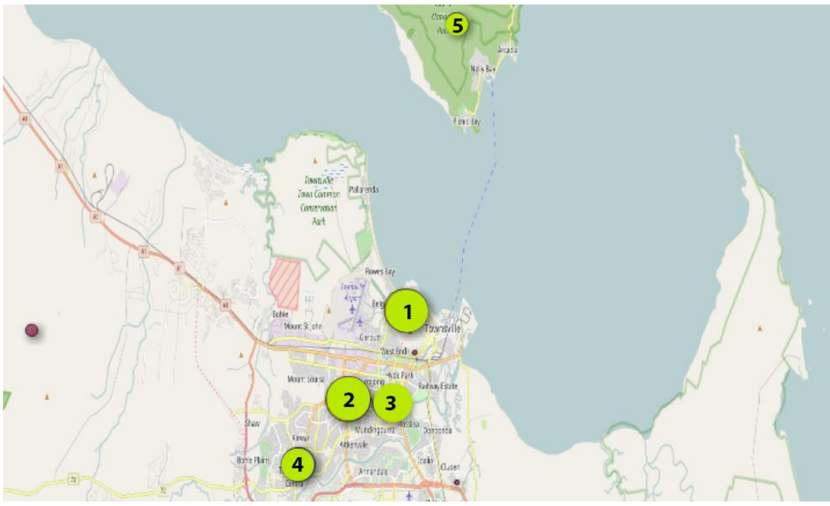

Figure 1. Location of Five Emerging Creative Industries Office Hubs. Note: The numbers refer to five emerging hubs ranked from largest to smallest. Source: the Authors (created using OpenHeatMap).

Figure 1 shows a distinct agglomeration of creative industries businesses located in North Ward, an area close to the beaches and the CBD of Townsville (1). The other densely populated creative industries area is Gulliver/Heatley which has lower real estate prices (2). Two less dense agglomerations are located along the Townsville river (3, 4) and a small number of businesses are located on Magnetic Island which is eight kilometres offshore from the city of Townsville (5).

Participants were also asked to provide information on how long their businesses had been in operation, which yields information on the stability of the existing creative industries sectors. See Table 3.

Table 3. Duration of Creative Industries Business Operation.

For how long has your current business been in operation?	
More than 10 years	38%
7-10 years	21%
4-6 years	24%
1-3 years	14%
Less than one year	3%
Total	100%

Source: the Authors' Survey Data.

The results show a solid basis for creating a stable creative industries hub. Fifty-nine per cent of creative industries businesses in Townsville have been in operation for seven or more years. On one level this is a positive finding. However, the data also suggest a lack of new creative professionals entering the Townsville market with only 14 per cent of business being in operation for one to three years and even fewer (3%) for less than a year.

Creative Industries Networks and Collaborative Practice: Regional Stage or Global Players?

Participants were asked to identify the location of the two biggest clients (dollar-value of contract) to which they provide their creative services to evaluate their geographic reach (Table 4). To help uncover potential 'hidden' clusters (Chapain *et al*., 2010) participants were also asked to identify the nature of their networks (Tables 5 and 6) and about the extent of their local, national and global collaborative activities (Tables 7 and 8).

Table 4 presents the locations of clients to whom creative services were provided from the Townsville creative industries.

Table 4. Creative Industries Services were provided to Clients in which Market/Location?

The client supplying the largest and second largest job during the financial year was based in:	Largest job	Second largest
Townsville	75%	77%
Outside Townsville but within 150km radius (Herbert and Lower Burdekin region)	2%	3%
Outside Herbert and Lower Burdekin region (beyond 150 km radius) but in North Queensland	6%	5%
Outside North Queensland, but in Queensland	8%	11%
Elsewhere in Australia	8%	2%
Overseas	2%	2%
Total	100%	100%

Source: the Authors' Survey Data.

It is evident from Table 4 that the overwhelming majority of creative jobs (more than 70%) come from local industry sectors. These findings confirm a tight creative industries focus on the city because that is where the highest concentration of work is sourced. A low percentage of creative industries businesses worked on projects for clients outside of Queensland (8%) or internationally (2%).

Table 5 presents the local, national and global collaborative activities of the Townsville creative industries.

Table 5 shows that nearly 60 per cent of Townsville creative industries businesses collaborate with people outside their own business. The survey also revealed that 32 per cent of participants involve the end-user in project development which can be indicative of the use of a human-centred innovation methodology. However, over half of the participants (52%) often work on projects alone, which suggests a large percentage of independent contractors who are fulfilling smaller roles within discreet projects.

Table 5. Creative Industries Collaborative Practice.

Think about typical projects for which you provide services to a client. When developing such projects, which approaches do you use? [select all that apply]	
Involve the client directly in the project development process	75%
Collaborate with others outside your business	59%
Work on the project alone	52%
Work in a collaborative team within your business	49%
Involve the end user of the service/product by including research about the end user	32%

Source: the Authors' Survey Data.

At the heart of building a creative industries hub is the type of collaboration employed by the businesses. Table 6 shows the motivation for Townsville creative industries' collaborations.

Table 6. Reason for the Creative Industries Businesses in Townsville to collaborate.

What best describes the work you do with others outside your business?	
Collaboration for production	61%
Collaboration for information sharing	53%
Collaboration for idea generation	40%
Collaboration for innovation	37%
Collaboration to gain insights	35%
None of the above.	5%

Source: the Authors' Survey Data.

It is clear from Table 6 responses that the majority of creative industries businesses in Townsville collaborate because they are part of a supply chain in the production process. For example, a local design company that produces brochures would collaborate with a printer and a company that supplies the print stock. Or a local film crew would need to service its digital cameras and sound equipment before shooting a commercial.

Table 6 data also points to an encouraging trend that could see Townsville blossom into a creative industries hub that looks outward for business opportunities instead of inward. Collaboration for information sharing (53%), idea generation (40%) and for innovation (37%) and insights (35%) reflect key drivers for creative industries growth and innovation.

In order to explore whether creative industries networks reach beyond the local area and whether networks are set up to engage with creative industries business or businesses from other sectors, participants were asked to identify the location and discipline of their collaborators. Table 7 below therefore shows where and with whom creative industries businesses collaborate in Townsville and the North Queensland region. Table 8 displays the same information for Australia-wide and internationally.

Table 7. Local and Regional Networks from the Creative Industries in Townsville.

When you engage in collaborative practice with people from Townsville/North Queensland who do you usually collaborate with? [select all that apply]		
	Townsville	North Queensland
People outside my business from the same creative discipline in Townsville/NQLD	33%	27%
People outside my business from other creative disciplines in Townsville/NQLD	46%	35%
People outside my business from various other disciplines in Townsville/NQLD	56%	55%
None of the above.	14%	23%

Source: the Authors' Survey Data.

Table 8. Australia-wide and Global Networks from the Creative Industries in Townsville.

When you engage in collaborative practice with people from Australia*/overseas who do you usually collaborate with? [select all that apply]		
	Australia	Overseas
People outside my business from the same creative discipline in Australia/ located overseas	44%	25%
People outside my business from other creative disciplines in Australia/ located overseas	32%	16%
People outside my business from various other disciplines in Australia/ located overseas	47%	24%
None of the above.	31%	56%
* excluding Townsville and North Queensland		

Source: the Authors' Survey Data.

Both tables illustrate that Townsville's creative industries networks stay close to home when it comes to collaboration with other industries. More than half of creative industries businesses collaborate with other industries on local (56%) and regional (55%) levels. Australia-wide collaborations are only slightly lower (47%). However, on a global level, 24 per cent of the participants collaborated with businesses from other sectors. The number of creative industries businesses that do not engage in any collaborations increases from 14 per cent on local level to 56 per cent on a global level. This disparity in global collaboration indicates that Townsville creative industries are more firmly engaged in local and regional work. However some creative industries businesses do utilise networks of global reach despite the geographic and cultural isolation of Townsville.

Creative Industries Networks in Townsville: Reflections from Creative Industries Practitioners

The numbers in the above tables provide insight into actual working relationships that define the creative industries in regional Townsville. In order to better understand the self-perception of Townsville's creative network, 29 interviews with creative industries practitioners were conducted. The qualitative feedback from those interviews provides a more detailed picture of the need and desire for collaboration.

When inquiring about the importance of networks, the majority of creative industries practitioners acknowledged their importance with eight participants finding them extremely or very important and sixteen viewing networks as important.

The interviews also revealed a strong sense of localism with several interviewees pointing out that they prefer using local services and collaborating locally. However, localism can also make it more difficult for new creatives from outside the region to set up shop and to develop networks.

Overall, there was a willingness to collaborate with other creative industries businesses. Some participants stated that this desire to collaborate has increased and that there is a better understanding of the advantages that can arise when creative industries practitioners work together.

Participants highlighted the benefits they see when creative industries practitioners collaborate, such as knowledge exchange, access to resources and skilled labour.

While the majority of creative industries practitioners felt comfortable collaborating across creative industries disciplines, some felt isolated and wanted more opportunities to meet and network with others. A minority expressed no need to work with others. In some cases, there was a sense of competition among creative practitioners which was experienced as a barrier to networking.

Several participants saw potential for a creative industries hub and expressed the idea of moving forward the Townsville creative industries brand. However, money to fund the development of such a hub is a major issue.

In several comments, participants connected local collaboration and the physical agglomeration of creative industries businesses directly to the potential to drive innovation.

It is generally clear from the interviews, that Townsville creative industries practitioners have the desire and solid footing to be part of a vibrant hub through more collaboration and networking.

5. DISCUSSION

Creative Industries Network in Townsville–Clustering or Distributed Workforce?

This study helped further define Townsville's creative industries network, the way those businesses collaborate in a general sense, and investigate the viability of creating a creative industries hub.

It is clear from both the theoretical principles identified in the literature and survey results from real-world practitioners that Townsville can build a more vibrant culture of collaboration by strategically supporting its creative industries. Townsville's creative industries growth could initially come from facilitating idea sharing and fostering networking because creative industries tend to support a culture of interdisciplinary working already.

In Townsville, the majority of creative industries businesses collaborated on a local or regional level–only 14 per cent opted out of networking or collaborating. It is noteworthy that Townsville creative industries businesses collaborate with people from the same discipline mostly on a national level due to local competitive pressures, a point made by Reimer *et al*. (2008).

The highest use of local, regional and national networks is made when creative industries businesses collaborate with other industry sectors, suggesting that these relationships are supply chain linkages. This point is supported by findings that 61 per cent of all collaborative activities are reported as being motivated by 'collaboration for production' purposes.

The preferred use of local networks can be explained by economic necessity. The survey revealed that around three quarters of gross creative industries businesses revenues from the largest and second largest job were generated from clients located in Townsville. Using local supply chain linkages is a logistical cost-saving advantage. Only 8 per cent of revenues from the largest and second largest jobs are generated from clients within the wider region. And that figure drops to 2 per cent of revenues on a global level.

Another reason creative industries practitioners prefer working with local service providers is because business relationships are often based on face-to-face interactions and built on trust. This reasoning has been previously suggested by Harvey, Hawkins and Thomas (2012) and is considered a small town attribute.

Currently the smallest creative industries networks in Townsville are those at a global level. Fifty-six per cent of creative industries businesses in the survey do not engage in any kind of global collaborations. Roughly a quarter engage globally with creative industries and other industry sectors, suggesting either a trend towards a borderless workforce, or global supply chains that supersede local ones as suggested by Collits and Rowe (2015). There is certainly the opportunity for some creative industries businesses to reach out to grow national and global networks of clients and collaborators through fast developing communication technologies such as the Australian federal government's National Broadband Network (NBN), a high-speed fiber optic network designed to make regional Australia more competitive globally.

Is Co-location a Recipe for Innovation in Townsville?

Bringing together specialised services in a region can lead to cluster building. This in return can lead to knowledge exchange, shared services and access to skilled staff (Chapain *et al*., 2010). As suggested by various authors (e.g. Chapain *et al*., 2010; Haak *et al*., 2014), such clusters could grow a regional economy. Looking at the existing creative industries networks in Townsville there is certainly the potential to co-locate creative industries businesses and join them in a creative industries hub.

Many creative industries businesses already work in close geographical proximity in Townsville. However, the survey and interview data did not provide evidence of whether these businesses collaborate. The interviews highlighted a recent trend towards openness to collaboration. As is pointed out by various authors (e.g. Burns and Kirkpatrick 2008; Daniel, 2015), creative practitioners often feel isolated in regional areas. Providing opportunities to 'meet and greet', to explore each other's expertise and discuss potential for collaboration emerged as a strong desire of the interviewees in Townsville.

Knowledge exchange and knowledge spillovers happen more naturally when businesses are co-located as Chapain *et al*. (2010) have argued. This can lead to innovation from idea and expertise sharing. The data from this study suggest that joining creative industries businesses in a single, physical location could enhance such collaborations and build the foundation for a creative industries precinct.

On the other hand, the survey revealed that more than half of creative industries practitioners generally work on projects alone and operate from a home studio or office. While this is not surprising given that the majority of creative practitioners are sole traders, there is potential to connect these creatives who like the idea of networking. At the moment these businesses are in danger of being perceived as too small to handle bigger contracts as was argued Müller *et al*. (2009). Clients may give larger projects away to metropolitan cities–a crucial point made by Welters *et al*. (2017)–who estimated an import leakage (work lost to rivals elsewhere) of approximately 25 per cent, which equates to a loss of around $200 million in gross business income from the local economy in Townsville.

Providing opportunities to form creative partnerships can also help to kick-start new creative careers and businesses. Survey data have shown that a large proportion of creative industries businesses in Townsville had been in operation for 10 years or more. This continuity is a strong selling point when encouraging others to 'set up shop' in Townsville. However, the stability might also suggest a lack of new creative professionals entering the market.

Cluster and place-based approaches can help creative graduates to find employment in the region (Chapain *et al*., 2010). Young creative entrepreneurial risk-takers are an essential part of any economy that wishes to grow. They may lack experience but have the 'creative edge' that can spark fresh, innovative ideas and the development of new market niches often through the use of new technologies.

6. CONCLUSION

There continues to be widespread debate on whether creative industries clusters drive economic growth either in large metropolitan areas or in small regional cities. While researchers look for ways to meaningfully measure creative industries' contribution to economic growth, governments continue to invest and market creative precincts, especially in large urban centres based on the concept of creative industries clustering. This sort of top down governmental support has wider implications for regional Australia creative businesses struggling to compete against metro creative businesses with a higher market profile.

Based on a survey of 69 Townsville creative industries practitioners and 29 follow-up interviews, key findings indicate that localism is the main economic driver for creative businesses, which have access to a limited market to generate revenue. In order to be more competitive, and keep and grow business in the region, these practitioners would need to collaborate on specific projects instead of working independently of one another.

Key findings, however, point to an encouraging trend that could see Townsville's creative industries grow though co-locating creative industries businesses. Even though competition in the local market may be intense, there is a robust level of information sharing, idea generation, and a desire for innovation and creating new insights—all drivers for creative industries growth. That growth might be a result of recapturing local market share (currently lost to rivals based elsewhere), capturing non-local market share (the vast majority of clients of the surveyed businesses are Townsville based), or innovation-led growth of the wider Townsville economy.

The local creative industries practitioners have a strong appetite and understanding of the economic rationale to collaborate and network locally, which are necessary conditions for the success (in terms of sector growth) of a creative industries hub. Simultaneously, we find that Townsville's creative industries are grappling what can be seen as regional myopia. There is an attitude based on business realities that it is safer to stay at home with your creative business, because risk taking is not rewarded economically. Consequently, it may need support from local government to develop a creative industries nucleus through for example organising networking events and incubator and innovation workshops

The key findings are relevant to other regional cities in Australia, which—like Townsville—have relatively small local demand for creative industries expertise, and experience significant competition from creative industries practitioners based in metropolitan areas. Local governments must take an active role in promoting their local creative industries if they want to use that creative power to drive innovation and possible economic growth. Initiatives may include subsidizing networking events or even experimenting with offering rental subsidies to small creative businesses that want to co-locate.

Although this study provides unique insights and preliminary answers regarding whether a creative industries hub would be a viable strategy to grow the economy in the region, further research needs to be undertaken to analyse the business potential of co-locating creative businesses with other industry sectors. There are many regional areas in Australia that would benefit from research such as what was undertaken in this study.

Furthermore, this research revealed that the creative industries are strongly locally connected and are looking for growth opportunities within the region. Further investigative studies are also warranted into the idea that regional investment in creative industries might be a dead end. This has been suggested by Collits and Rowe (2015), as a consequence of globalizing trends in technology like the National Broadband Network

(NBN), a theory disputed by Moretti (2014), who says innovation comes from the local ecosystem, where people share ideas face-to-face.

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