CREATIVE INDUSTRIES IN THE SOUTH

EXECUTIVE SUMMARY

A SOUTH ARTS RESEARCH PUBLICATION

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Introduction

The Value of the Arts – Intrinsic, Social, Pedagogical, Economic

The arts are essential for a variety of reasons. They provide intrinsic value through the psychological well-being experienced by individuals engaged in the creative process. The arts are a powerful catalyst for community-building through the common experiences and identities which cultural events, narratives, and traditions create. The arts enhance and enrich the education of children, adults, and seniors by engaging areas of the brain that are left untouched by pursuits in other academic areas; through the practice of creativity which translates into other fields and aspects of life; and by providing an essential part of a holistic education that engages the mind, body, and spirit. These are all reasons that are just as or more important than the economic impact of the arts, culture, and creativity in the economy. But the U.S. and global economies are just emerging from the Great Recession. While all of the previously mentioned benefits of the arts are noteworthy, it is the argument for the economic benefit of the arts, culture, and creativity that rings loud and true at a time when limited resources must be invested for the greatest gain. It is in this context that South Arts has developed this baseline study on the creative economy in its nine-state region of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

The Culture of the South

The region of the southeastern United States, also known as the American South, is famous for its artists and their cultural output. The South has a rich reputation in many disciplines of the arts and culture – as the birthplace of blues, jazz, and rock; as the home of the unofficial capital of country music; as the place of origin for an unmatched tapestry of folk life and traditional artists; and as the inspiration for many of the nation’s most talented writers. The South Arts region is also known for some of the largest and most important arts festivals in the country, from Spoleto to Art Basel Miami, from the National Black Arts Festival to Kentuck, from the New Orleans Jazz & Heritage Festival to Bonnaroo, from Kentucky Crafted to the Alabama Shakespeare Festival, from Full Frame to the Mississippi Delta Blues and Heritage Festival, from the Savannah Music Festival to Mardi Gras. The South is also home to some of the best arts schools in the U.S., including Savannah College of Art & Design, Full Sail University, North Carolina School of the Arts, Ringling College of Art and Design, Watkins College of Art & Design and The Watkins Film School, and the Art Institute of Atlanta. The region also boasts some of the best non-degree-granting arts programs in the nation, including Penland School of Crafts, Appalshop, John C. Campbell Folk School, Arrowmont School of Arts and Crafts, Southern Highland Craft Guild, and the Folk Arts Workshops of Warren Wilson College.

Defining the Creative Economy and Creative Industries

When most people talk about the arts, they are actually referring to independent artists and the non-profit arts sector. While both components have
a significant impact on the overall creative economy, the definition of creative economy also includes for-profit businesses engaged in creative activity that may directly involve the arts and artists, or more broadly may involve applying artistic skills and creativity that does not result in a work of art, per se, but rather, produces a product or output that would not otherwise be viable if not for the value added through creative genesis or transformation. In addition, the creative economy includes all aspects of the value chain related to creative products, including design, development, production, distribution, marketing, sales, and equipment.

There are a couple of ways to look at the scope of the creative economy based on the availability of existing data. One way is to look at the creative workforce – those who are engaged in occupations that require artistic knowledge or skills or creative ingenuity, working in industries that may or may not be considered creative. Examples include automobile designers for a car manufacturer, and graphic designers for a financial institution. Studies looking at the creative workforce will capture all workers engaged in creative pursuits, but will miss the non-creative jobs that are generated as a result of the economic activity of creative industries.

Another way to explore the scope of the creative economy is to look at creative industries – businesses that produce, distribute, or sell goods and services that result from the application of artistic knowledge or skills or creative ingenuity. In studies on the creative industries, the data and reports will miss some of the creative occupations that reside in industries that do not produce an artistic or mostly aesthetic product; however, such studies will capture workers within creative industries who may or may not be engaged in creative pursuits. For instance, creative industries studies will include data that represents accountants for arts organizations and salespeople for book stores.

For the purposes of this report, we are studying the creative economy through the lens of the creative industries by looking at data collected and made public by the U.S. Census Bureau through the 2007 Economic Census and 2007 Nonemployer Statistics. It is necessary to include the data from the Nonemployer Statistics because the Economic Census does not capture the economic activity of the self-employed who represent an important segment of the creative industries.

In addition, we take a brief look at the nonprofit arts, culture, and humanities, through the data made available from the National Center for Charitable Statistics. Looking at these numbers helps provide a sense of the economic size and scope of the nonprofit arts industry in the region.

**Getting at the Value of the Creative Industries in the South**

The creative industries in the South boast some impressive numbers – 82,852 establishments, more than 1.1 million workers, $41.4 billion in annual payroll and $142.6 billion in annual revenues. Based on these numbers, the creative industries have a sizeable impact on the economy of the South, representing 5.5% of all business establishments in the region, 4.1% of all employment, at least
3.9% of all payroll and 2.9% of all industry revenues. The creative industries represent the fourth largest industry cluster in the region based on number of establishments, the fifth largest based on employment, and at least the eighth largest based on total wages.¹

At the heart of the creative industries are the nonprofit arts, culture, and humanities organizations. The South is home to 17,155 registered nonprofit arts, culture, and humanities organizations. Of those, 6,649 had at least $25,000 in annual revenue and therefore filed IRS form 990. The organizations that filed form 990 reported total annual revenue of approximately $3.6 billion and total assets of $9.4 billion.

Some creative industries sectors are good at creating businesses, some are good at developing employment, some are strong in high-paying jobs, and others are best at generating revenue and profit. A few sectors are strong in all of these areas.

In general, the largest industry sector groups in the region are film and media, and literary and publishing, followed by design, and visual arts and crafts. The most significant film and media sectors in the region include radio, television, and other electronics stores; software publishers; broadcasting; television broadcasting; advertising agencies; cable and other program distribution; and video tape and disc rental. The largest literary and publishing sectors include commercial lithographic printing, newspaper publishers, periodical publishers, and independent writers. The top design categories are architectural services, specialized design services, interior design services, graphic design services, and florists. The biggest visual arts and crafts sectors include jewelry stores, and photography studios.

Combined, the four largest creative industries sector groups in the South Arts region—film and media, literary and publishing, design, and visual arts—account for 90% of businesses, 87% of employment, 91% of payroll, and 92% of revenues in the creative industries in the South. On average, film and media is the largest sector group with 31% of establishments, 33% of employees, 40% of payroll, and 41% of revenues in the region. Film and media is followed by literary and publishing, with 15% of establishments, 27% of employees, 25% of payroll, and 28% of revenue for the region. Design maintains 23% of establishments, 14% of employment, 16% of payroll, and 11% of revenue for the region. Meanwhile, visual arts and crafts represent 21% of establishments, 13% of employment, 10% of payroll, and 12% of revenue in the region.

While these sector groups are larger, pay better, and generate more revenue on average, there are exceptions. For instance, in Tennessee, the performing arts are the third largest sector based on employment, payroll, and revenue. Based on per capita numbers, the performing arts sector group in Tennessee is the largest in our nine-state region for number of establishments, employment, payroll, and revenue.

¹The creative industries data for payroll and total revenues represents a significant undercount due to data suppression in the Economic Census. Data suppression is implemented to maintain the anonymity of data and protect the statistics filed by individual firms from being revealed to their competition and the public.
Collectively, the creative industries are a major economic force. In the South Arts region alone, there are 82,852 creative industry establishments. The creative industries in the South employ 1,167,108, including the self-employed, with annual wages totaling $41,411,115,000. Annual revenue for creative industries in the South is at least $142,625,949,000. For those whose eyes are already blurring, that’s almost 83,000 businesses, with more than 1 million workers making more than $42 billion in wages, generating almost $143 billion in revenue each year.

The largest sectors in the region are film and media, and literary and publishing. Combined, the two sectors represent 46% of establishments, 60% of employment, 65% of wages, and 69% of annual revenue among the creative industries in the South. The next largest sectors are design, visual arts and crafts, and performing arts, followed by heritage and museums. Heritage and museums data is vastly undercounted because data for federal, state, and local government-controlled creative establishments is not included in this study.

Figure 1

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Data Source: 2007 Economic Census, U. S. Census Bureau
Among the total of 1,167,108 employed in creative industries in the South Arts region, 33% or 387,421 are employed in film and media, while 27% or 320,089 are employed in literary and publishing.

Among major film and media employers with a presence in the region, The Walt Disney Company is possibly the largest, with a total of approximately 133,000 employees in 2007. Disney owns numerous divisions, including ABC, the Disney Channel, Walt Disney Motion Pictures Group, ESPN, Pixar, and Marvel, as well as the Orlando, Florida-based Walt Disney World.

While the data in this study does not include figures from theme or amusement parks, Disney World employs a large number of people in the creative industries.

Another major media company based in the South is Atlanta-based Turner Broadcasting System which is one of the biggest. Divisions of the company include CNN, TBS, TNT, Cartoon Network, CNN International, HLN, TCM, and many others. The media network employed almost 9,000 people in 2007.

Figure 2
In addition, Regal Entertainment Group, based in Knoxville, Tennessee, operates the largest cinema chain in the U.S., with more than 6,000 screens in over 500 theatres in at least 40 states.

There are also major publishing companies with a presence in the South. Rand McNally, for instance, operates a distribution center in Richmond, Kentucky. In addition, Nashville, Tennessee, is home to several major publishers, including Thomas Nelson, Warner Faith, and The Southwestern/Great American Company, as well as the Ingram Book Group, the nation’s largest book wholesaler. Tennessee leads all states in the nation in value of religious books shipped.

Corresponding to the large number of people employed in the creative industries in the South, the total wages of employees and the earnings of the self-employed in the creative industries are significant as well. For the region, as a whole, wages and earnings total $41.4 billion. Based on the categorical breakdown of creative industries sectors, the segment with the largest share of wages and earnings is film and media with $16.7 billion, followed by literary and publishing with $10.5 billion, design with $6.6 billion, visual arts and crafts with $3.9 billion, performing arts with $3.7 billion, and heritage and museums with $4.5 billion.

Figure 3

![Creative Industries Compensation in the South Arts Region](image)

Total Creative Industries Compensation in the South Arts Region: $41.4 B
(payroll only, including self-employed)

Data Source: 2007 Economic Census and Nonemployer Statistics, U.S. Census Bureau
The $142.6 billion in revenue for the creative industries in the South Arts region, if looked at as a single entity, would be number six on the 2010 list of Fortune 500 companies and equals roughly the combined revenue of The Home Depot, United Parcel Service, and Coca-Cola, the three largest companies in Georgia.

Film and media sectors make up roughly 41%, or $57.7 billion, of the region’s total creative industries revenue. Literary and publishing is the second largest group of sectors with 28%, or $39.6 billion, in revenue. Based on amount of revenue, those sector groups are followed by visual arts and crafts, design, performing arts, and heritage and museums.

**Figure 4**

*Creative Industries Revenue in the South Arts Region*

*Total Creative Industries Revenue in the South Arts Region: $142.6 B (including self-employed)*

*Data Source: 2007 Economic Census and Nonemployer Statistics, U.S. Census Bureau*
Top Ten Creative Industry Sectors for the South Arts

Based on the number of establishments, the industry sectors below are the ten largest in the South Arts region. They mostly derive from the four largest of the six major categories into which the creative industries are divided for the purposes of this study—design, film and media, literary and publishing, and visual arts and crafts.

Table 1

<table>
<thead>
<tr>
<th>South Arts Region - Top Ten Creative Industry Sectors by Number of Establishments</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Jewelry Stores</td>
<td>6,151</td>
</tr>
<tr>
<td>Radio, Television, and Other Electronics Stores</td>
<td>6,088</td>
</tr>
<tr>
<td>Architectural Services</td>
<td>4,674</td>
</tr>
<tr>
<td>Florists</td>
<td>4,249</td>
</tr>
<tr>
<td>Video Tape and Disc Rental</td>
<td>3,558</td>
</tr>
<tr>
<td>Interior Design Services</td>
<td>3,531</td>
</tr>
<tr>
<td>Photography Studios, Portrait</td>
<td>3,325</td>
</tr>
<tr>
<td>Advertising Agencies</td>
<td>2,851</td>
</tr>
<tr>
<td>Graphic Design Services</td>
<td>2,789</td>
</tr>
<tr>
<td><strong>Commercial Lithographic Printing</strong></td>
<td>2,334</td>
</tr>
</tbody>
</table>

*Data Source: 2007 Economic Census, U.S. Census Bureau*

Looking at creative industries sectors organized by employment, the following industry sectors represent the ten largest in the South Arts region. These numbers include both those employed by an establishment and the self-employed.

Table 2

<table>
<thead>
<tr>
<th>South Arts Region - Top Ten Creative Industry Sectors by Total Employment</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspaper Publishers</td>
<td>69,902</td>
</tr>
<tr>
<td>Radio, Television, and Other Electronics Stores</td>
<td>65,827</td>
</tr>
<tr>
<td>Commercial Lithographic Printing</td>
<td>55,967</td>
</tr>
<tr>
<td>Advertising Agencies</td>
<td>48,409</td>
</tr>
<tr>
<td>Independent Writers</td>
<td>47,792</td>
</tr>
<tr>
<td>Cable and Other Program Distribution</td>
<td>46,018</td>
</tr>
<tr>
<td>Jewelry Stores</td>
<td>41,628</td>
</tr>
<tr>
<td>Software Publishers</td>
<td>40,645</td>
</tr>
<tr>
<td>Architectural Services</td>
<td>40,524</td>
</tr>
<tr>
<td><strong>Specialized Design Services</strong></td>
<td>34,799</td>
</tr>
</tbody>
</table>

*Data Source: 2007 Economic Census and Nonemployer Statistics, U.S. Census Bureau*
The top ten creative industries sectors by employment compensation (wages and income, but not including benefits) in the South Arts region are below. Sectors requiring high levels of skill, with extensive distribution, and/or related to the entertainment industries dominate the top ten list of employment compensation. This data includes people both employed by establishments and self-employed.

Table 3

<table>
<thead>
<tr>
<th>South Arts Region - Top Ten Creative Industry Sectors by Employee Compensation</th>
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</thead>
<tbody>
<tr>
<td>Software Publishers</td>
</tr>
<tr>
<td>Architectural Services</td>
</tr>
<tr>
<td>Advertising Agencies</td>
</tr>
<tr>
<td>Newspaper Publishers</td>
</tr>
<tr>
<td>Commercial Lithographic Printing</td>
</tr>
<tr>
<td>Cable and Other Program Distribution</td>
</tr>
<tr>
<td>Radio, Television, and Other Electronics Stores</td>
</tr>
<tr>
<td>Specialized Design Services</td>
</tr>
<tr>
<td>Television Broadcasting</td>
</tr>
<tr>
<td>Periodical Publishers</td>
</tr>
</tbody>
</table>

*Data Source: 2007 Economic Census, U.S. Census Bureau*

Among the top ten creative industries sectors by annual revenue in the South Arts region, like employee compensation, the list tends to be dominated by sectors requiring high levels of skill, with extensive distribution, and/or related to the entertainment industries.

Table 4

<table>
<thead>
<tr>
<th>South Arts Region - Top Ten Creative Industry Sectors by Annual Revenue</th>
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</thead>
<tbody>
<tr>
<td>Radio, Television, and Other Electronics Stores</td>
</tr>
<tr>
<td>Software Publishers</td>
</tr>
<tr>
<td>Commercial Lithographic Printing</td>
</tr>
<tr>
<td>Newspaper Publishers</td>
</tr>
<tr>
<td>Broadcasting</td>
</tr>
<tr>
<td>Architectural Services</td>
</tr>
<tr>
<td>Jewelry Stores</td>
</tr>
<tr>
<td>Periodical Publishers</td>
</tr>
<tr>
<td>Television Broadcasting</td>
</tr>
<tr>
<td>Advertising Agencies</td>
</tr>
</tbody>
</table>

*Data Source: 2007 Economic Census and Nonemployer Statistics, U.S. Census Bureau*
Regional Comparison of Creative Industries to Other Industry Clusters

The number of creative industries establishments in the South Arts region is 82,852, which is fourth among all industry clusters in the nine-state region. The creative industries are behind business and financial services, energy, and biomedical/biotechnical, but there are more creative industries establishments than there are in information technology and telecommunications, defense and security, forest and wood products, transportation and logistics, education, agribusiness, and manufacturing. This total number of establishments for the creative industries does not include the self-employed.

Figure 9
The creative industries are fifth in the region for the number of people employed, with 1,167,108. Most clusters maintained their relative positions in relation to the number of establishments in the previous bar graph, except for education, which moved to first for the number employed.

Figure 10
In measuring total wages, the creative industries fall back to eighth place in the South Arts region, with $41,411,115,000 in wages for both the employed and self-employed. The industry clusters of information technology and telecommunications, manufacturing, and defense and security moved ahead of the creative industries in comparison to the data for employment in the previous bar graph. Part of this disparity may be explained by the data suppression in several sectors of the creative industries in the payroll field.

Figure II

Unfortunately, the data source for comparative industry clusters does not maintain information on annual revenues, so we are unable to compare the creative industries to other industry clusters on that basis.
Conclusion

As is evident from this study, the creative industries are a major component of state and local economies throughout the South. Creative businesses representing film and media, literary and publishing, design, visual arts and crafts, the performing arts, and heritage and museums are prevalent throughout every state in the region. The creative industries have an enormous impact on the number of businesses, number of employees, annual payroll, and annual revenues throughout the economy of the South, and they represent one of the largest industry clusters in the region.

Even though the creative industries are a significant and growing segment of the region’s economy, there is a lack of attention paid to the creative economy in the South. This is evident from the absence of a focus on the creative industries and the creative workforce at the state and regional level, and the continuing decrease in funding for the primary government departments that interact with those engaged in the creative industries, namely state arts agencies.

While the general scope of this study is the creative economy, this is much broader than the range of nonprofit arts organizations with which state arts agencies interact directly and where state arts funds have their most direct impact. It should be noted, however, that numerous studies have demonstrated the mutually beneficial interaction of for-profit businesses and non-profit organizations. In fact, industry clusters in a specific creative industry often find their foundation and initial strength in the groundwork laid by a strong community network and nonprofit base that allows the for-profit sector within that creative industry to thrive. This is where the study of industry clusters has been immensely important.²

Other studies have demonstrated the value of the interaction of individual artists with multiple sectors of the creative economy – including the commercial, nonprofit, and government sectors. For instance, as self-employed contractors, individual artists work on a freelance basis with numerous types of businesses, organizations, and government agencies for a wide variety of creative jobs.³

We want to draw the attention of economic developers, officials, and policymakers to the economic engine that the creative industries can be. At the same time, there is a need to acknowledge and address the changes occurring in major creative industries sectors due to the current technological revolution. The creative industries need assistance and incentives to adapt to, take advantage of, and take the lead in these technological advances. Otherwise, states in the region risk losing businesses, jobs, wages, and revenues to the states where technological advances are embraced and encouraged.

The goal of state and local governments and regional collaborations should be to maximize the presence


and economic impact of the creative industries on the region. This can be achieved through a number of policies and approaches at the regional, state and local levels.

Policy recommendations for government agencies, chambers of commerce, economic development agencies, and funders include:

- Matching education and workforce development policies with the needs of the creative industries
- Including the creative industries in discussions and policy considerations related to supporting and expanding existing industries
- Including creative industries entrepreneurs in policy development related to entrepreneurship and new industries
- Acknowledging the nonprofit arts, culture, and humanities industry as an essential component of the creative industries, with unique characteristics which allow those organizations to help communities prosper, put creative people to work, attract tourism revenue, assist with rural development, attract businesses, provide a competitive advantage, and enhance community identity


- Funding continuing research on the creative economy for localities, states, and the region.

While the final product of this study is a sizable report, the information contained herein raises as many questions as answers. There is still much research to be done. The South Arts research agenda for the region’s creative economy includes:

- Mining Bureau of Labor Statistics data to illuminate the size and scope of the creative workforce in the South
- Looking at historical data from the 1997 and 2002 Economic Census to create a picture of trends for the creative industries and specific sectors in the region
- Expanding on this research to include a broader picture of the creative industries by adding data from the culinary arts, historic preservation, fashion, arts education, and government arts agencies and facilities
- Creating a more extensive report on the nonprofit arts, culture, and humanities organizations in the region
- Conducting creative economy research for metropolitan regions within the South
- Exploring creative economy industry clusters and their interaction with other economic sectors
- Studying artists as entrepreneurs
- Examining changes in the creative industries related to the present technology revolution.

As we work to pull our households, businesses, cities, counties, states, the region, and the nation out of the Great
Recession, the creative industries will be an important part of the solution to our economic woes. A growth industry with massive numbers of establishments, employees, payroll, and revenues, the creative industries are at the forefront of innovation and invention which drives much of our economic growth.

As a region, with our states working in partnership with one another and region-wide organizations, we need to take note of this and work to help the creative industries meet the full potential of their economic impact in the South.
About South Arts

Founded in 1975 as the Southern Federation of State Arts Agencies, and later known as the Southern Arts Federation, South Arts serves a constituency of nine states in the American South – Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

Located in Atlanta, Georgia, the 12-employee nonprofit organization provides a broad portfolio of programs and services for arts organizations in the region. The flagship South Arts programs include:

- The South Arts Fund which provides presenting and touring grants to arts organizations located throughout the nine-state region
- The Performing Arts Exchange, an annual conference that brings together touring artists and presenters from throughout the eastern half of the United States for industry meetings, professional development, a performing arts marketplace, and live showcases
- ArtsReady, a new service that helps arts organizations from throughout the nation develop crisis response and emergency preparedness plans
- Southern Circuit, a program which takes independent filmmakers and their films to screening venues located throughout the South
- Southern Visions and Tradition/Innovation, touring exhibit programs that take work by southern artists to galleries and museums throughout the South
- Dance Touring Initiative, which builds audiences for contemporary dance in new communities
- Folklorists in the South, a professional development program for folklorists in the region

Several new program areas are also articulated in the recently updated South Arts strategic plan, including research, artist fellowships, arts education, and international cultural engagement.

Funded by the National Endowment for the Arts, member states, foundations, businesses, and individuals, South Arts works to build a better South through the arts.

Mission

South Arts strengthens the South through advancing excellence in the arts, connecting the arts to key state and national policies, and nurturing a vibrant quality of life.

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