Hamburg
Chamber of Commerce

ANALYSIS

MEDIA CITY: HAMBURG

Present State & Review 2015




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Foreword

Ever since Hamburg was transformed into a centre of market-defining press products by Axel Springer, Gerd Bucerius, John Jahr and Richard Gruner back in the 1950s and the 1960s, it has been regarded as a media city with a reputation that reaches far beyond its borders. The media industry is a pillar of Hamburg's economy, particularly given that the ability to communicate information about goods and services is essential in a city of shipping and trade like Hamburg. The city is extremely proud of its media industry and has every reason to be.

Digitalization and the resulting convergence of the distribution channels have led to an increasing level of diversity in terms of the formats of media available. This presents a number of challenges for the media industry, but at the same time, it also means that the industry is gaining even greater significance. Located at the interface between digitalisation, information and the public, the media and creative industries and the numerous different disciplines they entail now play a more important role in social and economic life than ever before. Together, they form a core industry which companies from other sectors can call upon for assistance with public relations or advertising; they serve as the creative, imaginative epicentre of urban culture and are what makes a city an appealing place to live for creative minds and young talent.

The number of employees subject to mandatory social security contributions in Hamburg's media and creative industries is somewhere in the region of 50,000, with just as many freelancers also working in these industries. Among the 14,000 creative companies are many of Germany's best-known national and international media brands. This is where media products and campaigns that shape the media image of the whole of Germany are created in cooperation with Hamburg-based consumer brands.

Many of the major German cities have claimed the title of "media city" for themselves over the past few years. To this end, we performed a quantitative analysis based on statistics for the number of companies subject to tax, turnover generated and the number of employees subject to mandatory social security contributions in order to draw comparisons between the four biggest media cities in the North, East, West and South of Germany. What the analysis shows is that none of these cities has anything to fear from this comparative survey. As things stand, Germany is not dominated by a single media city; rather it boasts a number of strong media centres, each with very different profiles. The smallest of the cities, Cologne, is a big player in the field of radio and television, whereas Berlin impresses with its music industry, and Munich offers a wide-ranging portfolio of sectors as well as a particularly strong book industry. As far as Hamburg is concerned, the statistics show that as well as being home to a very balanced mix of sectors, the city is Germany's most important location for press products, advertising and design. The Hanseatic City of Hamburg is thus known as the "capital city for agencies" and a "press stronghold" for very good reasons.

Of course, these statistics – merely provide a point of reference for assessing the media and creative industries in major cities; but – at the same time, they also offer an indication of Hamburg's strengths and potential. Furthermore, they tell us which sectors are in need of support and require a greater input of energy. Our aim in preparing this review was to provide a solid pool of information which could be used as a basis to guide political and economical decisions about the course of action to be taken in the city.

Hamburg Chamber of Commerce

Fritz Horst Melsheimer
President

Prof. Dr. Hans-Jörg Schmidt-Trenz
Chief Executive Officer

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1 Introduction

Hamburg has been known as more than just a major port and trading metropolis for centuries now; as an international meeting place, the Hanseatic City of Hamburg has also become a hub for the propagation and preparation of information. Communication in all fields and forms is the media city of Hamburg's real strong point. With everything from renowned political journals to tabloid newspapers and magazines, – publications from Hamburg are well-established on news stands and in book stores throughout Germany. But this isn't only the case for journalism; it also applies to the advertising and PR sectors, where prestigious campaigns and designs from Hamburg make a regular appearance. Hamburg is regarded as the capital city for agencies, where creative minds and their companies never fail to deliver first-class results.

"DIE ZEIT" publishing building

One of the media location's major strengths is the fact that all the sub-sectors in the cultural and creative industries are appropriately represented in qualitative and quantitative terms. This results in a fertile sector mix, with converging themes addressed across several different sectors. By the same token, the media industry encompasses a business environment like no other in Germany in the field of e-business and games. Hamburg is home to numerous e-commerce companies which are active throughout Europe. The relevant national and international social media providers are also at home in the city. Furthermore, Hamburg is an important centre for browser games.

Filming of the cult German series "Großstadtrevier" in the St Pauli district

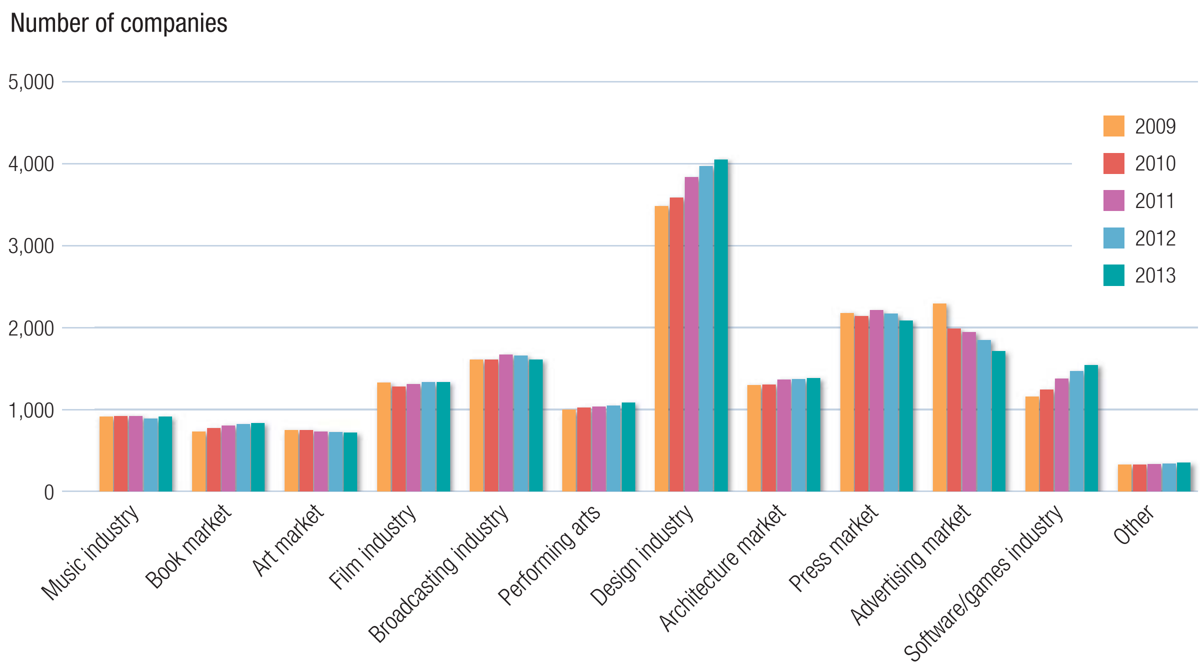
As a city of communication and content, Hamburg is predestined to seize the opportunities that emerge as a result of the digital revolution and media convergence, and to develop viable business models across all types of media. It is aided by the effective networks maintained between representatives from politics, management and companies, as demonstrated by the numerous initiatives, public-private partnerships and associations. The multitude of professionally run networks are regarded as exemplary and play an important role for the media and digital centre. These networks include nextMedia.Hamburg, a landmark initiative of Hamburg's digital and media industries initiated and supported by the Senate of the Free and Hanseatic City of Hamburg, the Hamburg@work (e.V.) association and the Hamburg Business Development Corporation (Hamburgische Gesellschaft für Wirtschaftsförderung), the Hamburg Creative Association (Hamburg Kreativ Gesellschaft), Filmförderung Hamburg Schleswig-Holstein GmbH, hamburgunddesign, the Hamburg Music Business Association (IHM), the RockCity e.V. association and the Clubkombinat.

We would like to shed some light on the current situation in the various sub-sectors of Hamburg's cultural and creative industries in this publication, using this information as a basis to demonstrate the relevant trends, future issues and developments. A comparison with the cities of Berlin, Cologne and Munich will also be carried out to reveal Hamburg's strengths and potential as a media city.

2 Hamburg's media industry: the facts

This quantitative analysis is based on statistical economic indicators such as the number of companies, turnover and the number of employees subject to mandatory social security contributions. It is important to bear in mind that certain companies and employees that belong to the cultural and creative industries are double-counted in various sub-markets in accordance with official stipulations.[1] This information enables the

Figure 1: Companies in Hamburg's cultural and creative industries by sub-sector from 2009 to 2013

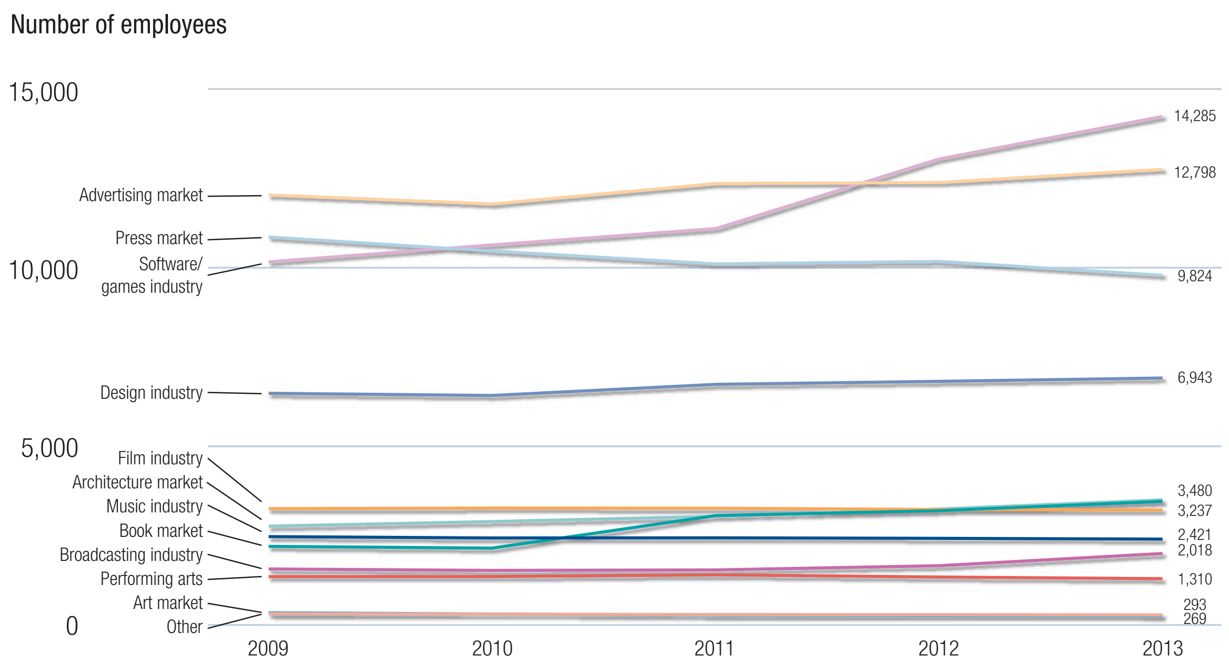


	2009	2010	2011	2012	2013
Music industry	917	924	921	889	917
Book market	732	776	808	824	839
Art market	753	750	734	725	722
Film industry	1,329	1,282	1,315	1,334	1,336
Broadcasting industry	1,614	1,612	1,670	1,661	1,610
Performing arts	998	1,024	1,037	1,052	1,089
Design industry	3,485	3,592	3,837	3,972	4,056
Architecture market	1,301	1,306	1,368	1,372	1,383
Press market	2,181	2,141	2,214	2,170	2,090
Advertising market	2,293	1,987	1,945	1,851	1,715
Software/games industry	1,158	1,248	1,377	1,472	1,546
Other	329	328	335	341	356

Source: Statistical Office of Hamburg and Schleswig-Holstein

[1] Consequently, the figures for the individual sub-sectors cannot be added together to make totals for the analysis. The double counts are, however, taken into account when presenting the cultural and creative industries as a whole. If the survey does not include duplicate entries, this will be indicated in the individual diagrams.

Figure 2: Employment trends in Hamburg's cultural and creative industries from 2009 to 2013



	2009	2010	2011	2012	2013
Music industry	2,491	2,453	2,457	2,443	2,421
Book market	2,217	2,168	3,081	3,220	3,480
Art market	324	313	304	303	293
Film industry	3,277	3,292	3,288	3,252	3,237
Broadcasting industry	1,583	1,543	1,556	1,675	2,018
Performing arts	1,368	1,370	1,418	1,357	1,310
Design industry	6,514	6,453	6,765	6,850	6,943
Architecture market	2,785	2,914	3,060	3,267	3,524
Press market	10,900	10,506	10,145	10,215	9,824
Advertising market	12,080	11,827	12,401	12,430	12,798
Software/games industry	10,203	10,679	11,136	13,091	14,285
Other	356	318	286	278	269

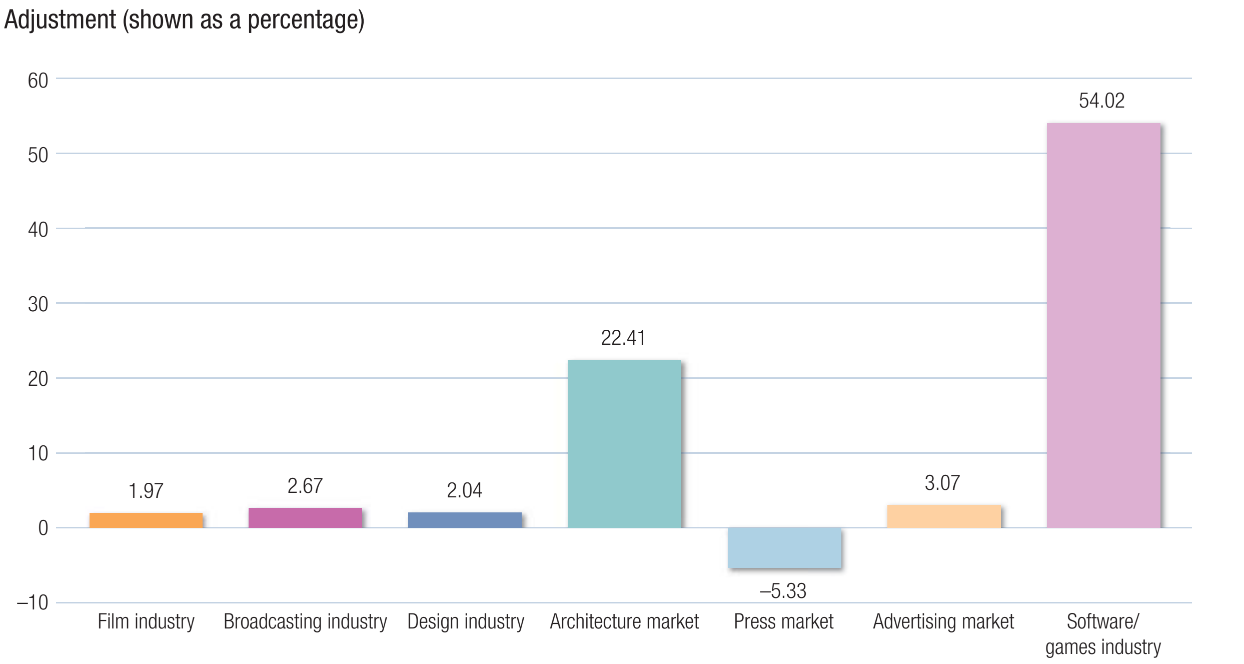
Source: Statistical Office of Hamburg and Schleswig-Holstein

trends in the sectors to be compared over a set time frame and with reference to other locations.

According to the data collected for Hamburg, the distribution across the twelve designated creative subsectors is pretty much even.

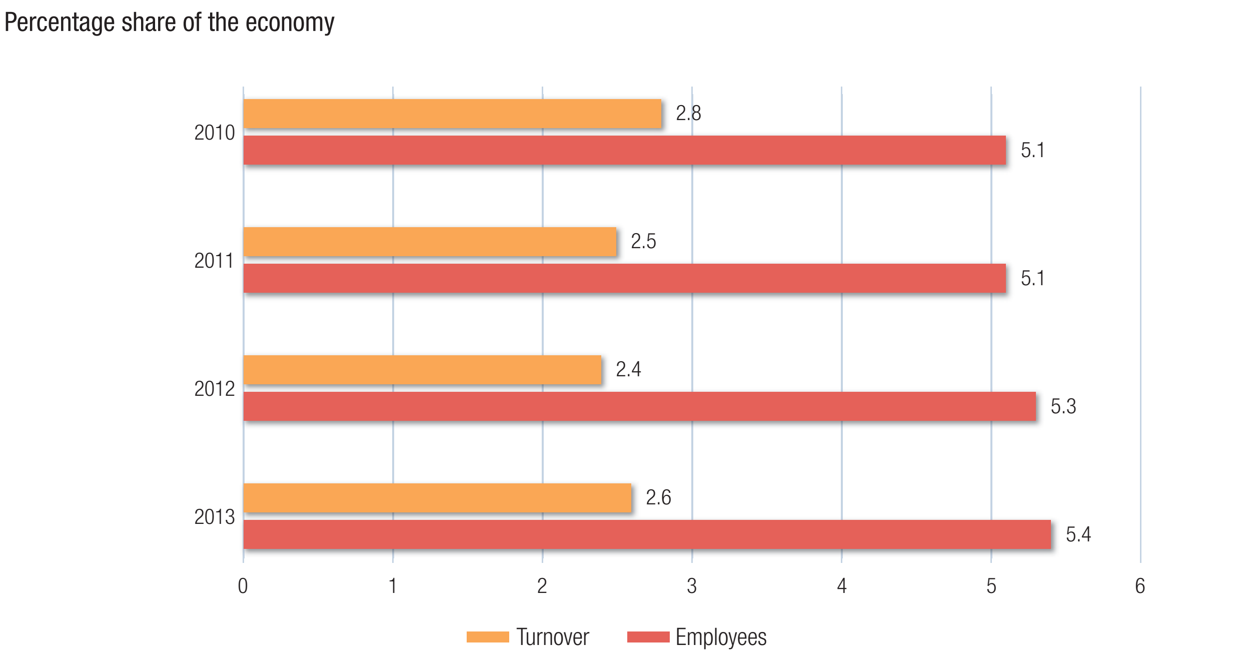
This shows that Hamburg is home to a broad and stable range of varied creative industries, with a total of 48,000 employees subject to mandatory social security contributions employed in more than 14,000 companies. The combined turnover of all the cultural and creative industries in Hamburg equates to 11 billion euros. The design industry is the leader of the pack in terms of number of companies (4,056 companies and 6,943 employees), and the numbers continue to grow. Also among the sectors with the most employees and companies are the press market (2,090 companies, 9,824 employees) and the advertising market (1,715 companies, 12,798 employees), both sectors with a strong tradition in Hamburg.

Figure 3: Revenue trends in the sub-sectors of Hamburg's cultural and creative industries from 2009 to 2013



Source: Statistical Office of Hamburg and Schleswig-Holstein

Figure 4: Share of the cultural and creative industry*) in Hamburg's overall economy



*) duplicate entries not included

Source: Statistical Office of Hamburg and Schleswig-Holstein

There has also been a surge in the number of employees in the software and games industry since 2011 (+ 4,082). By contrast, the employment figures for the press market are indicative of the difficult conditions resulting from the digitalization of the print market: the press market lost almost 1,100 employees in the period from 2009 to 2013.

The turnover statistics underpin this development. Leading the pack is the software and games industry, with an increase of 54 per cent in revenues. The turnover generated in the press market has fallen by 5.3 per cent. But on the whole, the statistics clearly show that Hamburg's creative sectors have experienced strong growth. Turnover increased by almost 6 per cent overall between 2009 and 2013, by 600 million euros.

But at the same time, the average turnover per employee fell slightly from 248,000 to 230,000 euros. All in all, economic pressure has increased in the city.

Since 2009, there has been a significant increase of 14.3 per cent (+5,965 employees) in the total number of employees working in Hamburg's cultural and creative industries.

In terms of Hamburg's overall economy, the share of employees working in the cultural and creative industries has risen from 5.1 per cent to 5.4 per cent. However, this picture does not apply to the turnover in these industries in relation to the economy as a whole; here, the figures for their share of the turnover in the overall economy fluctuate between 2.4 and 2.8, with no clear trend. These statistical values are within the average for Germany and can be explained by the composition of the sectors in Hamburg, as the city is dominated by the fields of trade and industry. Despite its relatively minor share of the turnover in the economy, the creative sector is of great value to Hamburg in terms of what it contributes to the city's image: it is a great advertisement for the city and plays an important role when it comes to attracting young talent.

The flourishing economic environment in Hamburg has additional locational advantages to offer for the creative sectors, and these have a positive impact on success.

Locational factors:

- Centre of industry, services and trade that boasts major international clients
- Strong purchasing power
- City offers a high standard of living
- International centre of trade with numerous major companies active in the field of e-business
- High concentration of specialist employees

2.1 Training and higher education institutions

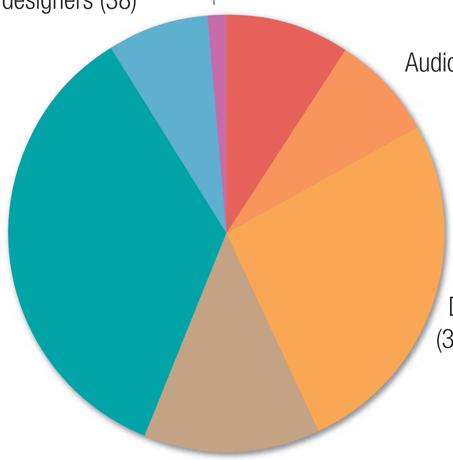
Each year, Hamburg's media companies offer many young adults the opportunity to train in their companies and learn a media profession as part of a dual training system (work combined with study). 500 trainees successfully completed their training in seven media professions in 2014.

QUOTE

"All sorts of famous media products are created and published in Hamburg. There are also many well-known consumer brands based in Hamburg. And of course, the big names and the attractive lifestyle in the city draw lots of young people to Hamburg with the aim of achieving a successful career in a media profession."

Frank Riediger, Training Consultant,
Hamburg Chamber of Commerce

Figure 5: Training successfully completed in the most important media-related professions in 2014



Source: Hamburg Chamber of Commerce

Training opportunities in the field of journalism in the academic year 2013 (sample)

Higher education institution	Number of new students
University of Hamburg	51
Hamburg University of Applied Sciences (HAW)	72
Hamburg Media School	12
Henri Nannen School	20
Bauer Media Group School of Journalism	20 to 27
Hochschule Macromedia, University of Applied Sciences	19
Medienakademie (Media Academy)	20 to 30

In particular, the training figures for digital and print/audiovisual media managers and marketing managers show that the number of people trained in Hamburg is on a par with – or perhaps even higher than – the number of trainees in Berlin, a considerably larger city. These figures attest to the major importance of Hamburg's media industry in Germany. On the whole, Hamburg is a very popular training location. Each year, it draws numerous new trainees to the city to work for major companies and well-known brands from the media industry, The total number of young adults in training in Hamburg's industry is in excess of 20,000; over 1,000 of these young people are training for careers in media professions or professions which are closely linked to the media industry. With the Media & IT Talent Day, the Free and Hanseatic State of Hamburg and the Hamburg Chamber of Commerce offer pupils from class 10 to 13 the opportunity to gain practical insight into the day-to-day business environment and find out about various different professions.

In terms of higher education, there are all sorts of public and private institutions offering courses in media

Betapitch Start-up Competition at Beta Haus

subjects in Hamburg, plus it has also been home to a unique association of several relevant institutions at the Finkenau Media Campus for a few years now. The Art and Media Campus in Finkenau was opened in September 2010 as an organisational and spatial consolidation of the training courses offered in media subjects. The Media Campus is equipped with state-of-the-art technical equipment for all types of media and is now home to the Hamburg University of Applied Sciences Department of Design, Media and Information (DMI), Hamburg Media School, Miami Ad School, the University of Fine Arts (HFBK) and local broadcaster TIDE TV.

Today, there are around 2,000 students studying on more than 70 bachelor's and master's programmes on the campus in subjects ranging from textile design to digital journalism. The extensive portfolio of academic training in media subjects thus covers everything from traditional artistic skills to courses in new subjects that deal with the digitalization processes taking place in the world of media. Journalism training has traditionally been one of the main focal points in Hamburg (see table).

2.2 Start-ups and funding

Even though Berlin may hold a reputation as the hub of the start-up scene, Hamburg also offers numerous ports of call for the active and distinct start-up scene. The strong economy and widely diversified economic structure in the location provide excellent basic conditions for young businesses. The abundant networks and events provide a place for start-ups to meet other start-up businesses, investors and potential (network) partners or customers, and they are extremely useful when it comes to making new ideas a reality. According to the KfW Start-up Monitor 2015, the start-up rate in Hamburg is around 2.36 per cent, just slightly lower than Berlin with 2.60 per cent.

The Hamburg Chamber of Commerce offers business start-ups (full-time or sideline enterprises) an extensive range of free consulting services and information tailored specifically to the needs of (young) entrepreneurs. These services cover everything from initial cross-industry advice and consultation days with external partners addressing a diverse range of issues (e. g. taxes), through to advice on personalised concepts and funding, as well as numerous informative events. Furthermore, the Gründungswerkstatt Hamburg (Hamburg Start-up Workshop) provides an online tool to help business founders – develop and improve their business plan together with a personal tutor.

QUOTE

"The business incubator is exactly the right place to be for anyone with a start-up idea. We take great pleasure in hearing about well-thought-out concepts and are always excited by the incredible variety of ideas put forward by our entrepreneurs. It therefore isn't surprising that certain Hamburg start-ups have already gone on to achieve renown throughout Germany. We have absolutely no need to hide in Berlin's shadow."

Jeanette Gonnermann,
Head of the Business Incubator Department
at the Hamburg Chamber of Commerce

In addition to the "StartHub" offered by the municipal media initiative "NextMedia:Hamburg", the scene also benefits from a wide range of initiatives, focal points and industry property:

- Betahaus
  www.hamburg.betahaus.de

- Gamecity:port
  www.gamecity-hamburg.de

- Gründerwerft
  www.gruenderwerft.com

- Gründungswerkstatt Hamburg, – the online platform for business plan preparation
  www.gruendungswerkstatt-hamburg.de

- The Hamburg Chamber of Commerce Business Incubator (Gründungszentrum)
  www.hk24.de

QUOTE

"The information, entertainment, communication, structure, teaching and advertising across all the different channels in Hamburg's media industry is constantly improving and becoming more efficient. Increasing numbers of companies are supporting start-ups, setting up future labs, hiring data specialists and opening themselves up to dialogue on social media. Hamburg in particular is set to profit from digitalization, since the quality of products is determined more and more by the quality of the communication accompanying it. And this doesn't just applies to the media but to all companies."

Hanno Tietgens,
BÜRO X Media Lab

- Hamburg Investment and Business Development Bank (IFB)
  www.ifbhh.de

- Hamburg Kreativ Gesellschaft (Hamburg Creative Association)
  www.kreativgesellschaft.org

- Hamburg Startups and the Hamburg Start-up Monitor
  www.hamburg-startups.net

- Young Producers' House (Studio Hamburg)
  www.hdjp.de

- H.E.I. Hamburger ExistenzgründungsInitiative
  www.hei-hamburg.de

- Karostar Music House
  www.karostar.de

- Startup Dock
  www.startupdock.de

The opportunities for external funding for start-ups or companies that have already been active in the market for a while longer go far beyond those offered by traditional bank loans. Venture capital investors or crowdfunding are just a few examples. Extensive public financial aid is also available for start-ups and takeovers, as well as for companies looking to expand or consolidate their business.

2.3 Digitalization

The industry as a whole is faced with an increasingly fast pace of digitalization, and although this opens up a wide array of new opportunities, it also presents certain challenges. This is also especially true for the different sectors within the creative industry. Many business models need to be reconsidered in order to assess whether or not they are sustainable. The book market, music industry, advertising market and press

Figure 6: 'Is the rise of digitalisation influencing the business practices and working processes in your company?'

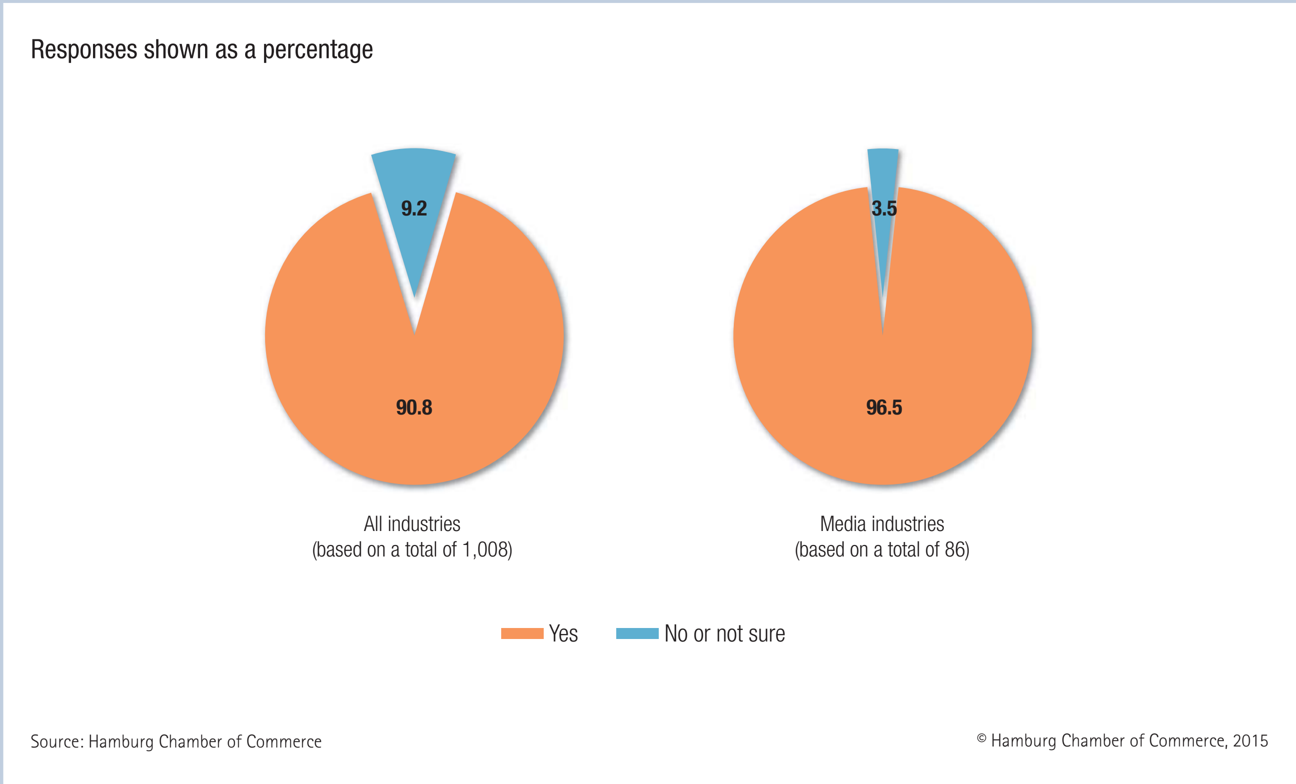


Figure 7: 'If yes, in what way is the rise of digitalisation of the industry affecting the business practices and working processes in your company?'

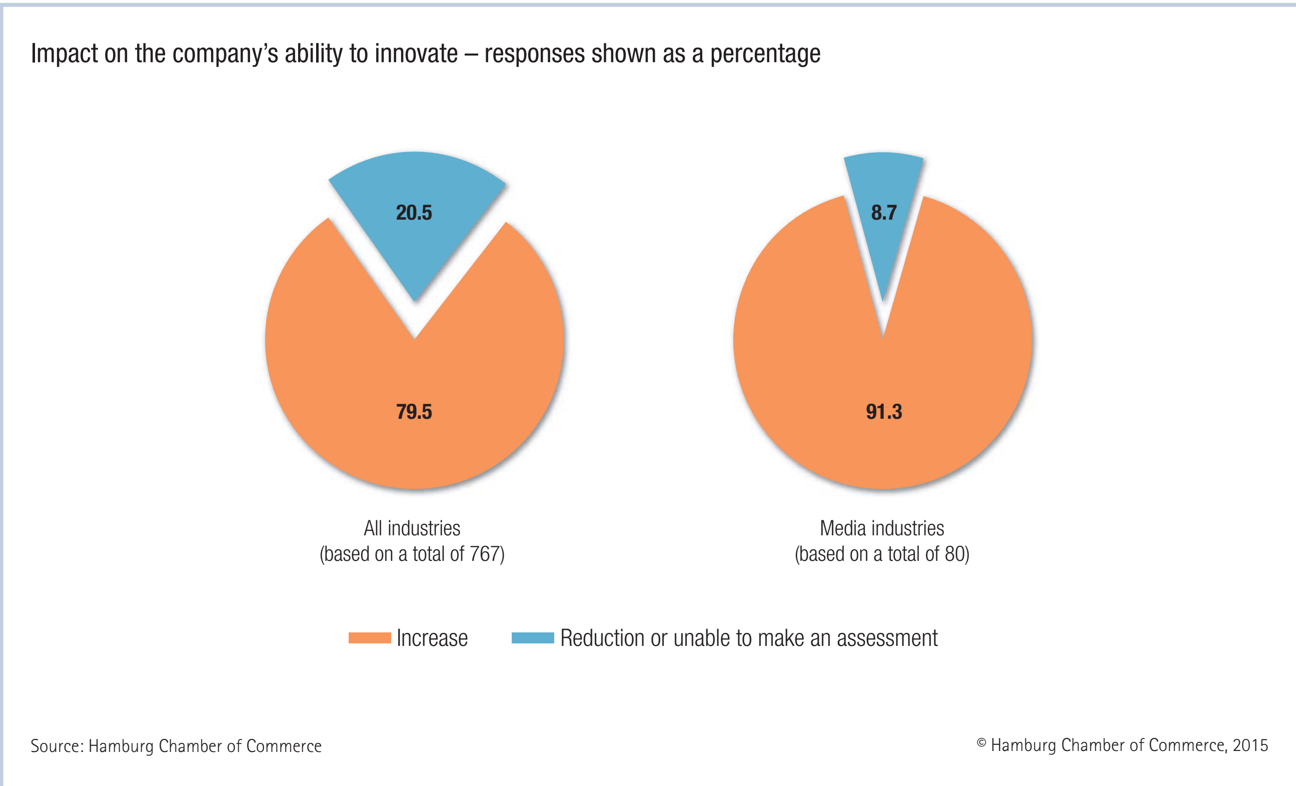
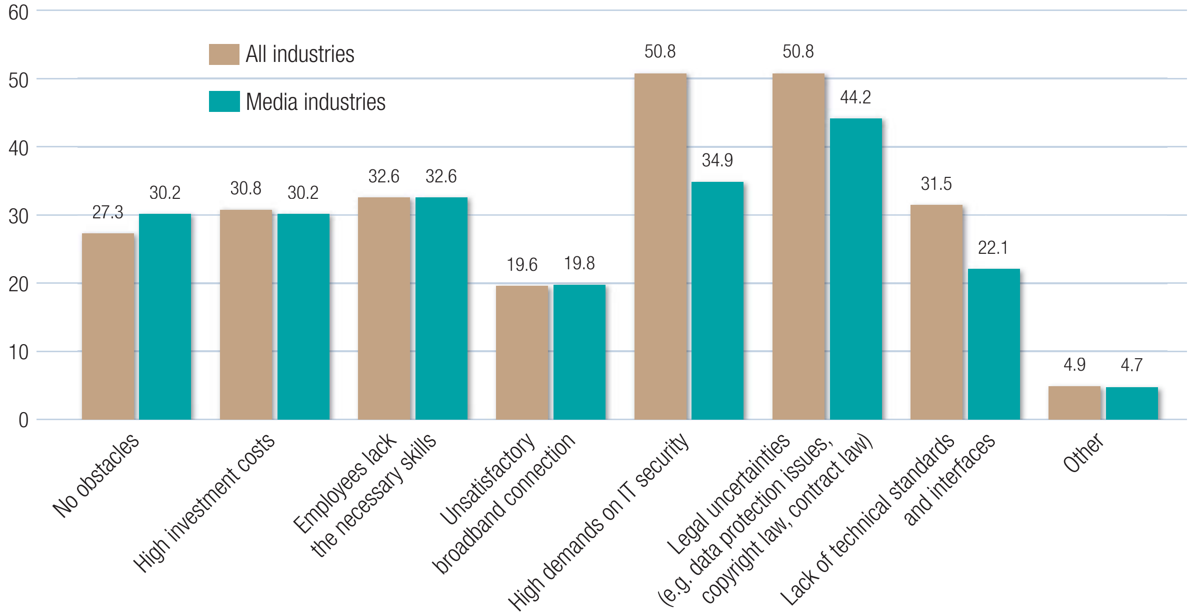


Figure 8: 'What kind of obstacles is your company faced with in terms of its ability to adapt to the trend for digitalisation?'

Responses shown as a percentage (multiple answers possible)



Source: Hamburg Chamber of Commerce

in particular need to address these new circumstances intensively. They also need to invest in new technology and ideas in order to survive in the market under these conditions.

According to a recent survey by the Hamburg Chamber of Commerce into the impact of digitalization on 800 Hamburg-based companies, the upheavals caused by digitalization have already reached large sections of the Hamburg business community, where they are perceived as a business challenge.[2] This applies in principle across all sectors. A closer analysis of the responses given by companies in the media industry reveals certain significant deviations which clearly illustrate the very specific situation within this sector.

When asked whether the rise of digitalisation was influencing the business practices and working processes in their companies, 97 of media companies agreed that this was the case. This figure is 6 per cent higher than the average for all the sectors.

Furthermore, 91 per cent of media companies said that their ability to innovate in particular was improving as a result of digitalization.

This figure falls to 80 per cent for Hamburg-based companies when the responses from all the sectors are considered. And according to a survey by the German Chamber of Industry and Commerce from 2015, the average even for Germany as a whole is just 74 per cent.

These results can be interpreted as a sign of the great pressure the media industry is under to make changes in terms of its business practices and value-added models. Given the common nature of intangible assets and creative services in the creative sector, it plays a

[2] See: Hamburg Chamber of Commerce: Wirtschaft digital (Digital Economy); not yet published

QUOTE

"Because of digitalization, existing business models need to be scrutinised along with the ways in which business practices and modern IT applications interact. Companies must come up with a plan for change to accompany the digital transition so as to ensure that employees, customers and partners are also involved in this process of change."

Prof. Dr. Ralf E. Strauß,
Chair of Digital Marketing & E-Business
at the HSBA, President of the German Marketing Association and Managing Partner
at Customer Excellence GmbH

pioneering role in terms of tackling the digital revolution head-on.

When asked about the kinds of obstacles and uncertainties they face when trying to overcome the challenges of the digital revolution, most companies said they struggle with the legal uncertainties that currently dominate e-commerce and the use of digitalised products.

But on the whole, the survey shows that media companies perceive considerably fewer obstacles than those in other sectors. This clearly demonstrates that many media companies are already fully informed and on the right path towards adapting to the changed circumstances in the context of digitalization. It therefore also comes as no surprise that the majority of media companies say they expect an increase in marketing activities as a result of digitalization (58 per cent). On average throughout all the sectors, only 52 per cent entertain this expectation.

Another obstacle which is relevant to the media industry is the fact that employees lack the necessary skills, particularly in terms of IT security and dealing with IT systems and processes. Companies are dependent on employing and training staff with expert knowledge in various fields of e-business precisely because of the media industry's leading role in digitalization issues.

3 Data for a comparison of the cities

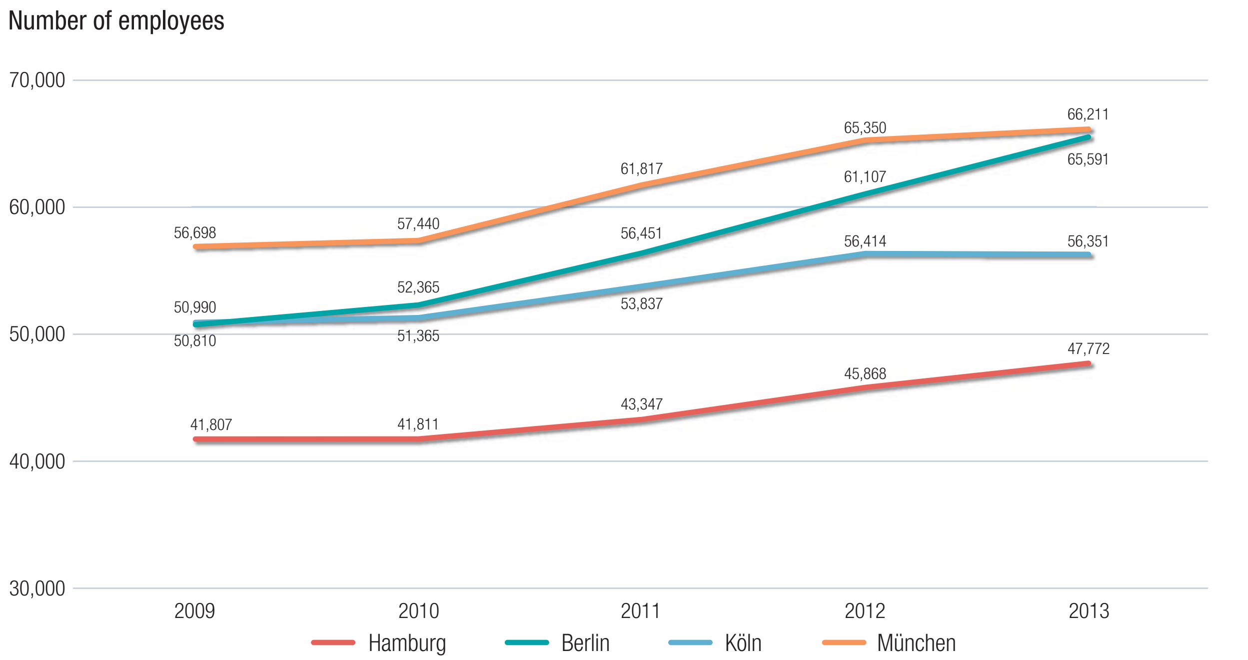
Certain cities in Germany claim to be "media cities": in addition to Hamburg, these also include Berlin, Cologne and Munich. But the basic statistical data reveals that the individual cities all have very specific economic profiles and strengths.

A comparison of the number of employees subject to mandatory social security contributions in the cultural and creative industries in the four chosen cities shows that Munich is just ahead of Berlin (65,500) with the largest number of employees subject to social security contributions (66,000). Hamburg has the fewest employees at just under 48,000, placing it fourth behind Cologne with 56,000. The total number of employees has increased in all four cities since 2009, which highlights the growing importance of the creative sectors in the overall economic context.

A different picture emerges, however, when the turnover in the cultural and creative industries is considered. Hamburg is more or less equal with Berlin here and generates around 10.9 billion euros in turnover annually. Then comes Munich (10.4 billion euros), followed by Cologne (8.6 billion euros).[3]

So in terms of the turnover per employee subject to mandatory social security contributions, Cologne is top of the list with over 300,000 euros, followed

Figure 9: Employees working in the cultural and creative industries*) in German media locations from 2009 to 2013

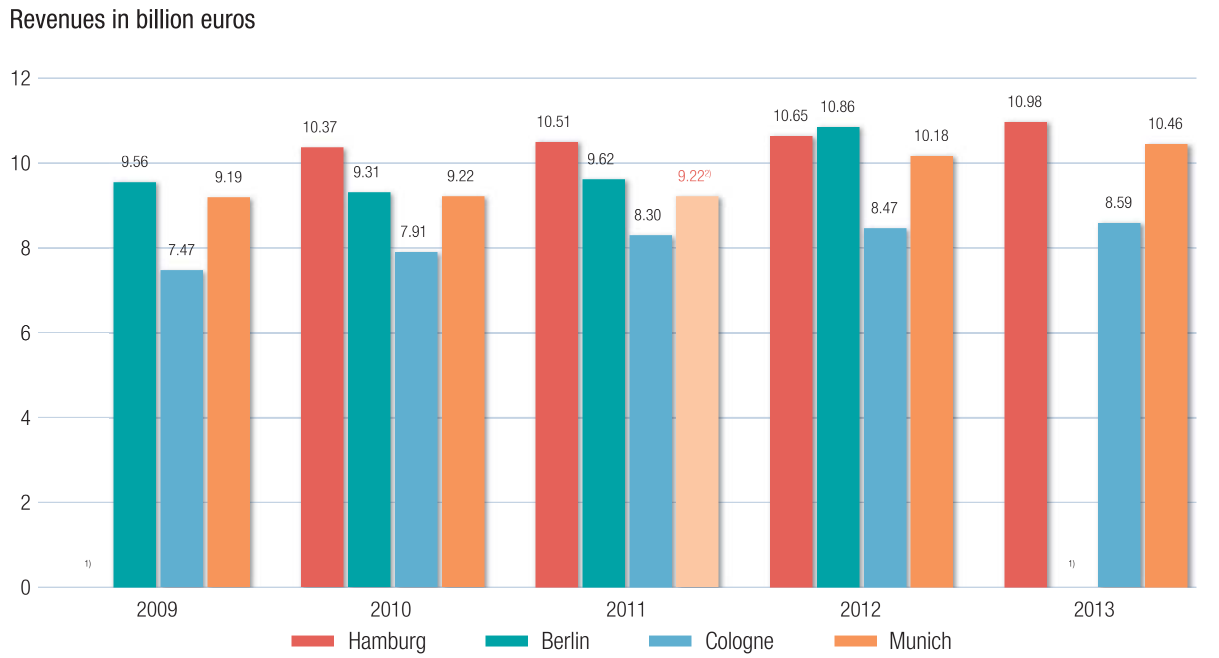


*) duplicate entries not included

Source: Federal Statistical Office and the Statistical Offices of the Federal States

[3] For statistical reasons, the local adminstrative districts of the respective cities were not taken into account in this count.

Figure 10: Revenues generated in the cultural and creative industries*) in German media locations) from 2009 to 2013**



*) duplicate entries not included; **) urban areas of Berlin, Cologne and Munich, excluding any other districts in the surrounding areas; 1) no statistics available 2) constructed value

Source: Federal Statistical Office and the Statistical Offices of the Federal States © Hamburg Chamber of Commerce, 2015

by Hamburg with 230,000 euros, then Munich with 220,000 euros and Berlin with 189,000 euros. While these figures have fallen over recent years for Hamburg and Cologne, they have increased for Berlin and remained relatively constant for Munich.

Distributed over the individual sub-sectors, the statistics reveal considerable differences between each of the cities not only in terms of the overall economic significance of the creative industries but also with regard to the employment volumes within the individual sectors. In terms of the number of employees subject to mandatory social security contributions, Cologne was Germany's dominant city for broadcasting in 2013, whereas the film, software and games industries were dominated by Berlin. Munich boasts a strong sector mix on the whole and is home to a particularly strong book industry.

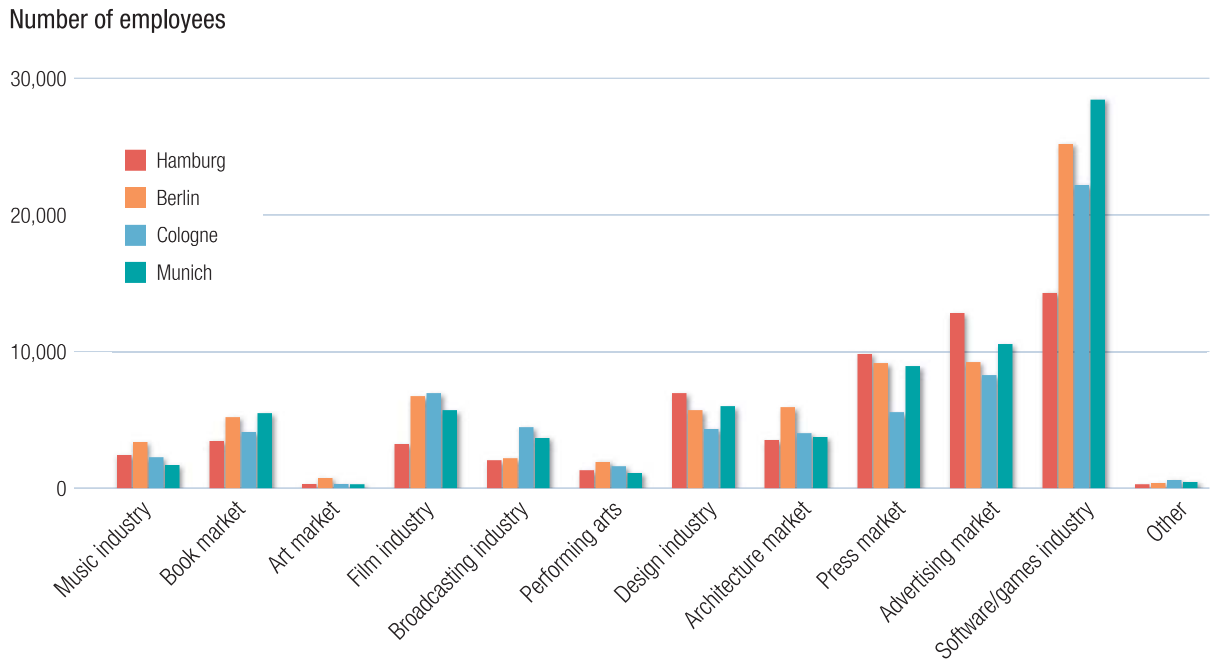
Hamburg's strengths clearly lie in the press market, the design industry and the advertising market. So when Hamburg is referred to as the capital city for the press and agencies, there is good reason for this. Nevertheless, the software and games sectors are also gaining increasing importance here, as is the case in all the cities.

If the number of employees and the turnover generated in the cultural and creative industries are considered in relation to the overall economy in the respective cities, a structural similarity is revealed between Munich and Hamburg.

Both cities are dominated by other strong economic sectors outside of the cultural and creative industries. It is for this reason that the proportion of turnover generated by the cultural and creative industries is relatively low here – 3.8 per cent in Munich and 2.4 percent in Hamburg – in contrast to cities such as Berlin and Cologne (with 6.2 per cent and 5.9 per cent, respectively), where the creative industries as a whole account for a greater share of the overall turnover.

Although the economic significance of the individual sub-sectors of the creative industries varies somewhat

Figure 11: Number of employees working in the sub-sectors of the cultural and creative industries by location in 2013



	Hamburg	Berlin	Cologne	Munich
Music industry	2,421	3,382	2,246	1,688
Book market	3,480	5,202	4,126	5,466
Art market	293	736	312	275
Film industry	3,237	6,713	6,929	5,690
Rundfunkwirtschaft	2,018	2,179	4,450	3,698
Performing arts	1,310	1,941	1,576	1,115
Design industry	6,943	5,684	4,347	5,973
Architecture market	3,524	5,922	4,025	3,767
Press market	9,824	9,158	5,548	8,909
Advertising market	12,798	9,217	8,259	10,524
Software/games industry	14,285	25,180	22,181	28,455
Other	269	382	622	451

Source: Federal Statistical Office and the Statistical Offices of the Federal States

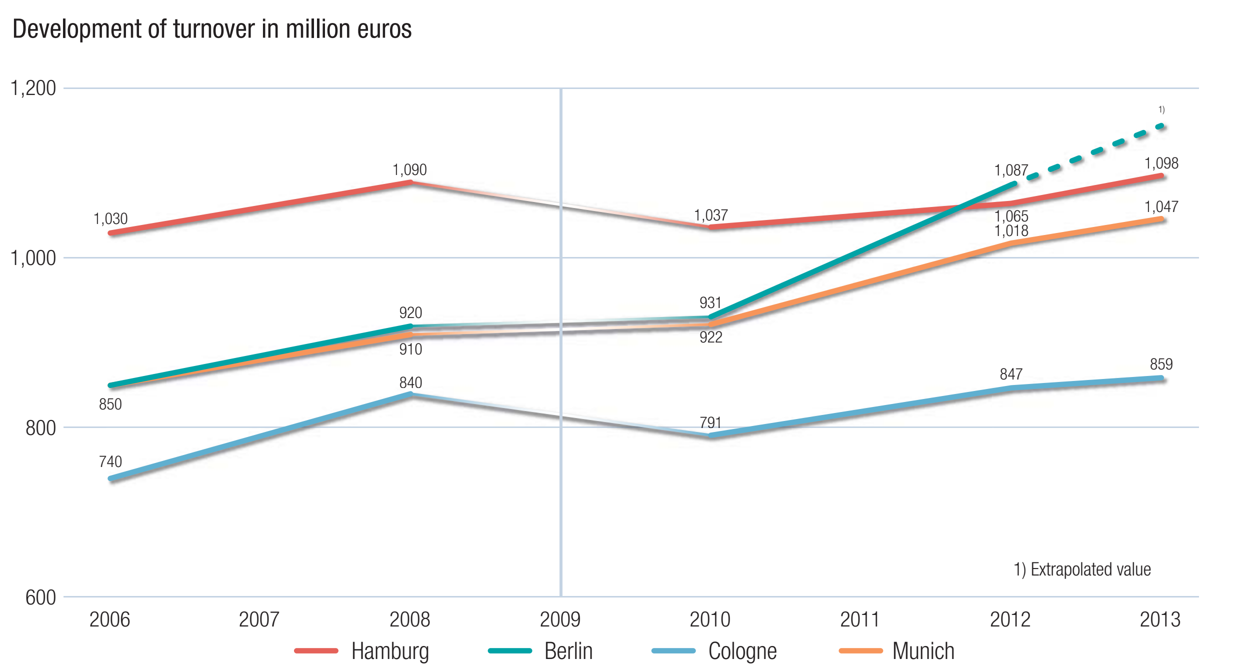
from one city to the next, on the whole the sub-sectors for software and games, advertising and press account for a disproportionately high share of the turnover generated in the creative sectors. The broadcasting industry also plays a major role in Cologne and Munich.

The economic growth in the individual cities is even clearer to see if the wider picture of the turnover generated in the creative industries from 2006 is considered.

On the whole, Cologne (+ 16 per cent), Munich (+ 23 per cent) and Berlin (+ 29 per cent) experienced a significant increase in turnover up to 2013. So due to the relatively weak growth (+ 7 per cent) in Hamburg, the city ceased to maintain its leading position as of 2012. Revenues in Munich improved to such an extent that the city was just 500 million euros behind Hamburg in terms of turnover in 2013.

An analysis of the employment trends within the individual sub-sectors also reveals general trends concerning all the cities, as well as certain trends that relate to the conditions in each respective city.

Figure 12: Revenue trends in the cultural and creative industries in German media locations from 2006 to 2013



Sources: 2006 to 2009 Kreativwirtschaftsbericht 2012, Hamburg Kreativ Gesellschaft (2006–2009 Creative Industries Report by the Hamburg Creative Association); Federal Statistical Office and the Statistical Offices of the Federal States

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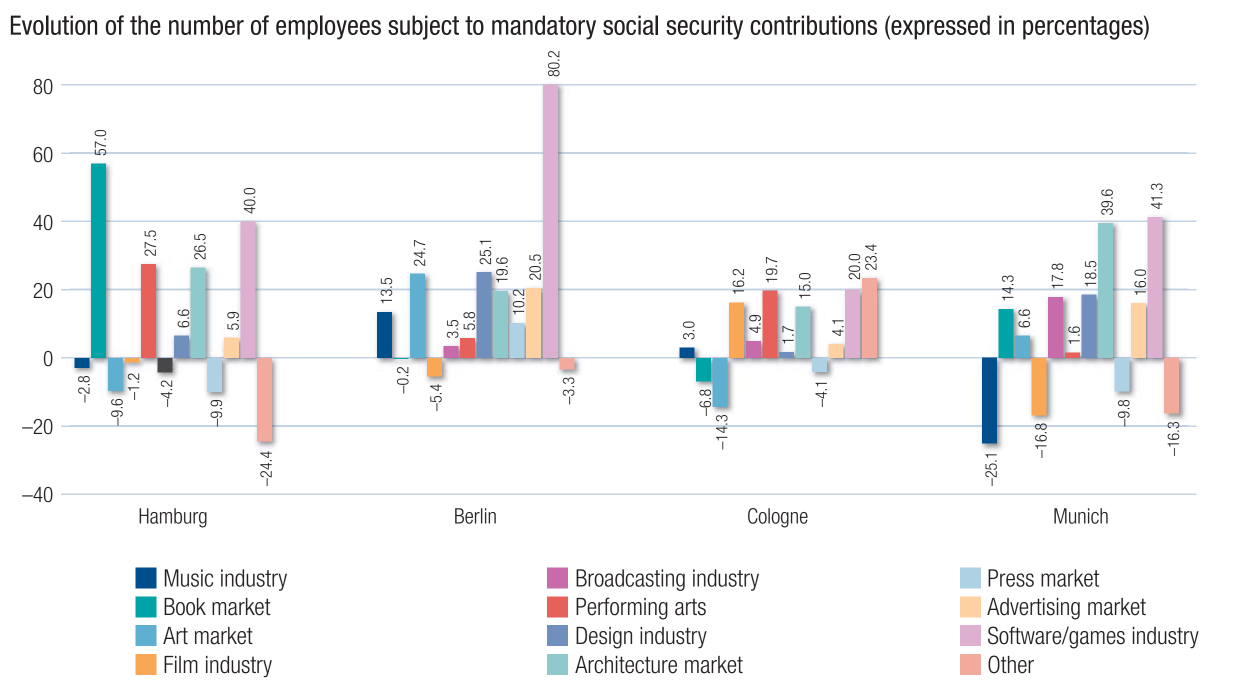
Figure 13: Employment trends for the sub-sectors of the cultural and creative industries in German media locations from 2009 and 2013



Source: Federal Statistical Office and the Statistical Offices of the Federal States

© Hamburg Chamber of Commerce, 2015

On the whole, all the cities have experienced positive development in the following sectors: broadcasting, design, architecture, advertising, software and games.

Hamburg experienced a particularly impressive increase in terms of its broadcasting industry (+ 27.5 per cent).

Berlin boasts particularly notable increases in employment in the design industry (+ 25.1 per cent) and the software and games sector (+ 80 per cent), while Munich stands out in the architecture market (+ 40 per cent).

The figures for the music industry vary widely between the individual cities. Berlin experienced an increase of 13 per cent here, whereas levels were down 25 per cent in Munich. Hamburg's book market experienced extremely positive growth of + 57 per cent. The number of people employed in the art market in Berlin also increased by 25 per cent, an increase which is not evident in any of the other cities.

The increase in employees in the performing arts in Cologne was unusually high at + 20 per cent.

City profiles:

Hamburg:

- Cultural and creative industries are surrounded by a strong business location
- Strengths lie in design, press and advertising
- Particularly notable industry networks in certain sub-sectors
- Important centre for browser games

Berlin:

- The largest numbers of creative companies and employees
- Cultural and creative industries account for a greater share of the overall economy
- Strengths lie in the fields of music, books, films, architecture and games

Cologne:

- High turnover per person employed
- Particularly strong in broadcasting and the film industry
- High proportion of employees in the cultural and creative industries in relation to the economy as a whole

Munich:

- Strengths lie in the book market and the software and games sector
- High turnover generated in the cultural and creative industries
- Cultural and creative industries are surrounded by a strong business location

4 Exemplary sectors

4.1 Book market

839 book publishing companies employing almost 3,500 members of staff subject to mandatory social security contributions are based in Hamburg. Since 2009, the number of people employed in Hamburg's book sector has progressed very positively on the whole.

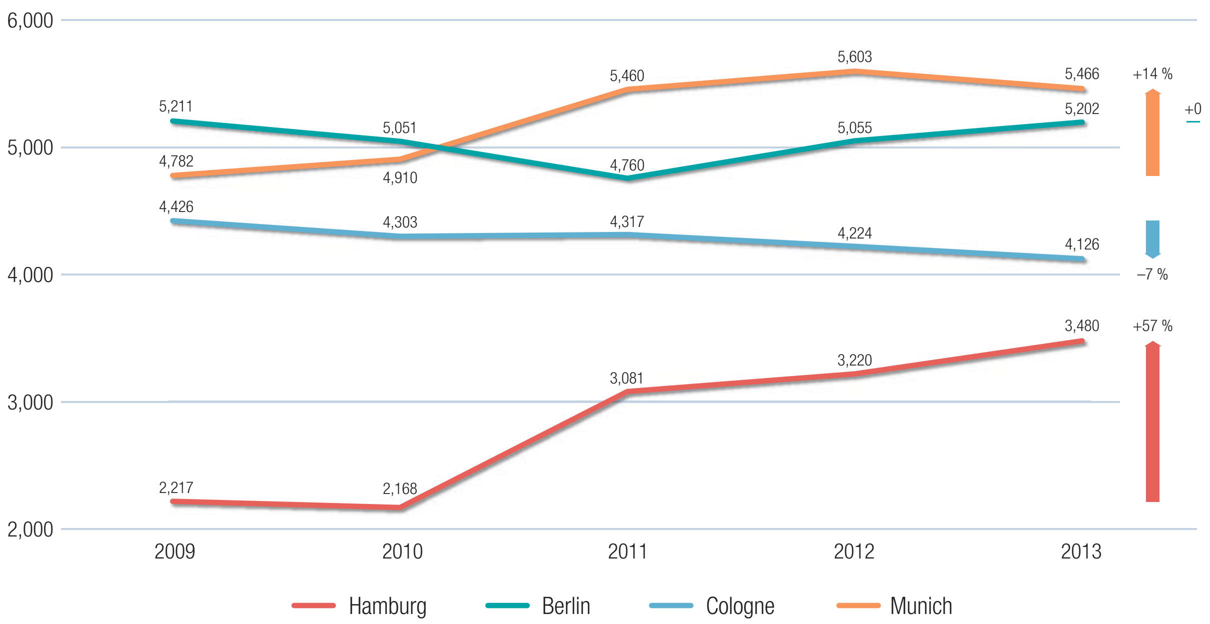
But in comparison to the other cities, the number of employees in Hamburg's book industry is still relatively low. In Cologne, the number of employees in the industry is 4,126, while Berlin has 5,202 and Munich has 5,466. In many places, however, the book and press markets are inextricably linked within companies. This is particularly the case in Hamburg, a city which is home to certain major publishing houses that publish both magazines and books. The press market in Hamburg is ahead of all the other cities surveyed.

The rapid transition to digital formats such as the e-book means the book industry really needs to be ready and willing to accept change. Many publishers have expanded their activities within these new media over recent years with a view to adapting to the changes taking place. Print books can now be linked up with interactive content and audivisual productions. The Internet thus ceases to serve as just a marketing tool and instead provides a platform for publications and a means of enhancing the print titles available. Hamburg offers the perfect environment for this process as it is home to numerous digital companies which specialising in developing ideas for cross-media business models.

The increase in online trading presents more and more challenges for the traditional business model of the bricks-and-mortar book trade. The overall turnover generated by the book trade in Germany has been in decline since 2010. Turnover fell by 2.2 per cent to 9.3 billion euros from 2013 to 2014.

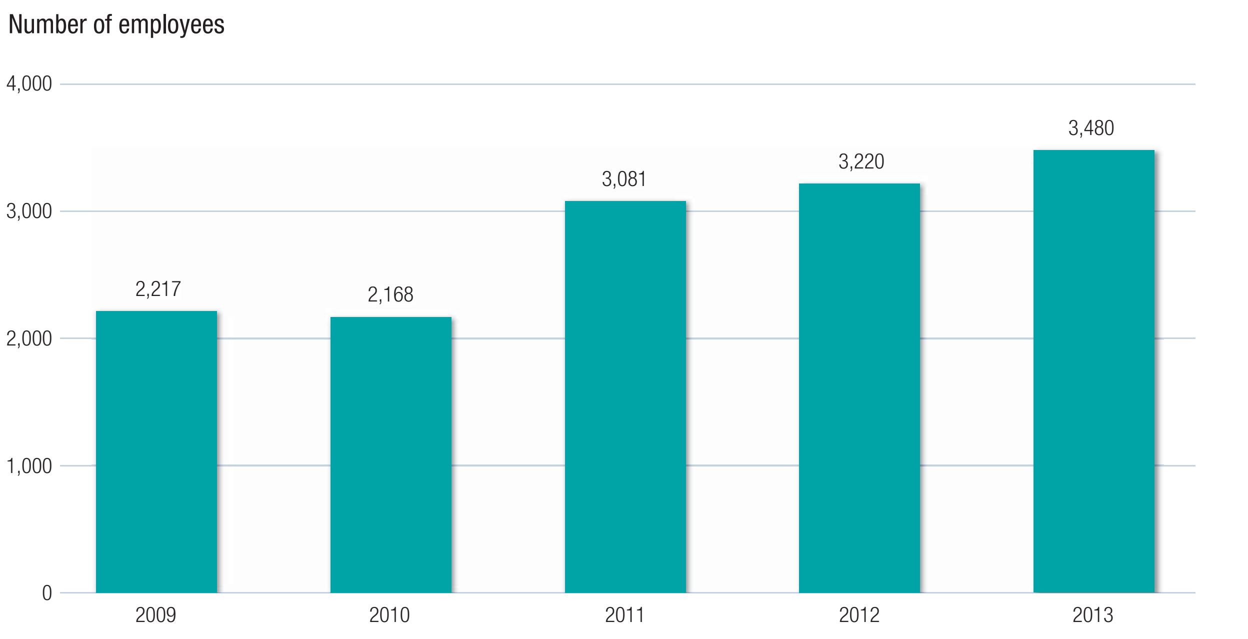
Figure 14: Employees in the book market in the German media locations from 2009 to 2013

Number of employees and increase/decrease in per cent



Source: Federal Statistical Office and the Statistical Offices of the Federal States

Figure 15: Employment trends in the Hamburg book market



Source: Hamburg Chamber of Commerce

As a result, there has been a decrease in the number of stores and the amount of retail space occupied in the brick-and-mortar trade. Many book retailers are finding that they have to come up with new concepts for their stores and fresh sales strategies.

Meanwhile, online sales have reached a considerable volume. According to statistics from the German Publishers and Booksellers Association, over 16 per cent of books are sold online in Germany. The turnover generated from the sale of e-books increased to 4.3 per cent in 2014. On average, the 3.9 million e-book consumers buy six e-books per year.

At the same time, however, digitalization is opening up new opportunities for independent publishing. In the USA, the market for self-published books has already grown to such a volume that it accounts for 18 per cent of the whole publishing industry. The numbers are also increasing in Germany. This move towards independent publishing poses the question of how far the previous business model for traditional publishing needs to be reconsidered.

QUOTE

"We here at Carlsen have appreciated the city of Hamburg for more than 60 years. Germany's second biggest city is also the heart of publishing for children's books. Indeed, no other city produces anywhere near many successful children's books as Hamburg: this is where the German translations of Harry Potter and Pippi Longstocking originated, and it is also the birthplace of German characters such as Conni, the Olchis and Pixi. Hamburg's appeal makes it easier for us to find good employees, including people from far beyond the city's borders."

Joachim Kaufmann,
Managing Director, Carlsen Verlag GmbH

Trends and challenges

- Minor issues in terms of recruiting new staff
- Under-capitalised companies are very much at risk of being taken over.
- Many companies are not yet sufficiently prepared for digitalization as far as strategy and financing are concerned.
- It is still almost impossible to assess the consequences and the magnitude of the migration of content from print to digital format
- Concentration of the market: 10 per cent of book stores account for 30 per cent of the turnover generated.
- Unclear stance of copyright policy results in delays to innovation processes.
- Global players (Amazon, Apple, etc.) are changing the regional markets.
- Shop-based retailers need to make their benefits clearer to customers, become specialised, expand their marketing activities and organise more events, offer online services and provide advice in order to stand their ground against online sellers.

Thalia book store in Wandsbek

QUOTE

"The Free and Hanseatic City of Hamburg offers a vibrant and varied literary scene. Independent, owner-managed bookshops are particularly numerous in Hamburg. Literature maintains a presence all over the city and with all sorts of different focal points; book stores organise varied reading programmes and the 'Long Night of Literature' (Lange Nacht der Literatur). In this way, they offer interesting opportunities to come face to face with the authors! The Hamburg publishing scene is also vibrant and impressive, with everything from well-established publishing houses to ambitious start-up companies contributing to the good reputation held by the media location of Hamburg."

Carola Markwa
Managing Director
Börsenverein des Deutschen Buchhandels
(German Publishers and Booksellers Association)
Landesverband Nord e. V.

4.2 Film and broadcasting industry

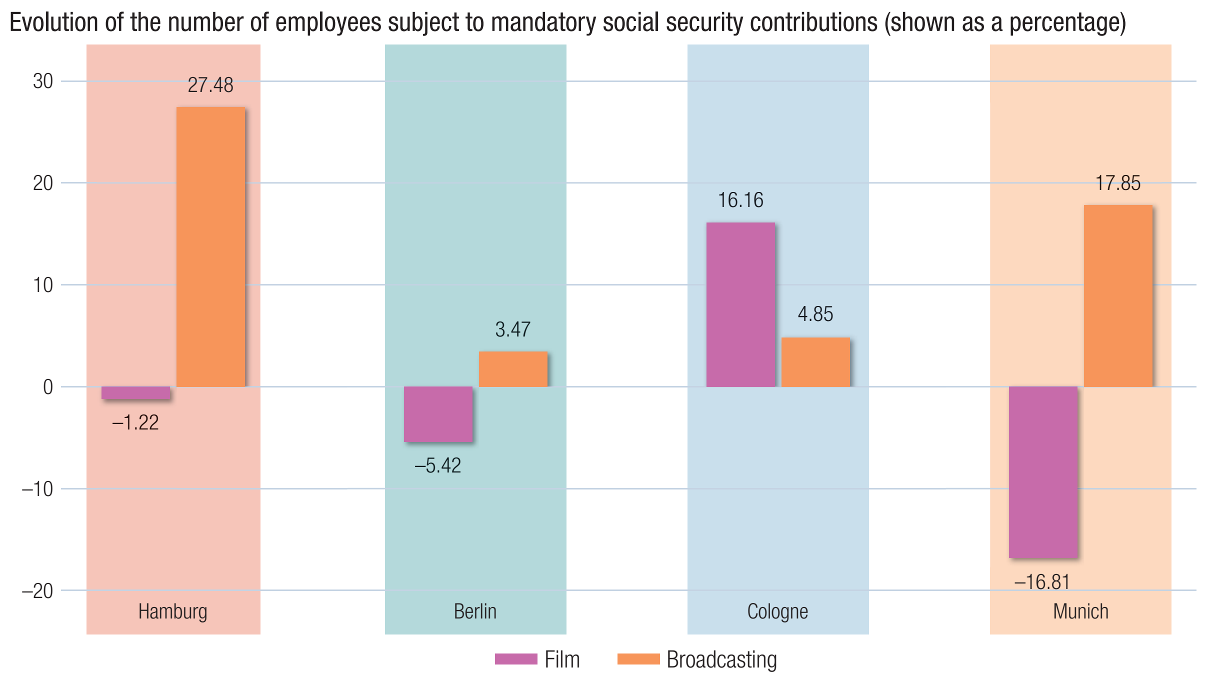
In 2013, Hamburg was home to 1,600 companies from the broadcasting sector and 1,300 companies from the film industry. All in all, there were 5,250 employees subject to mandatory social security contributions working in these companies. The city's film and broadcasting industry generated a total turnover of around 3.3 billion euros in 2013. The amount of turnover in the industry in Berlin, by contrast, was just 1.4 billion euros. Cologne registered revenues of 3.4 billion euros.

With a variety of scenic locations from the harbour and the Schanzenviertel (warehouse district) to the St. Pauli district, Hamburg is a popular filming location for film makers and television programmes. As the home of the broadcasting company Norddeutschen Rundfunk (Germany's second biggest public service broadcasting provider) and its production facilities at

Figure 16: Employees in the film and broadcasting industry in German media locations in 2013

Source: Federal Statistical Office and the Statistical Offices of the Federal States

Figure 17: Employment trends in the film and broadcasting industry in German media locations from 2009 to 2013



Source: Federal Statistical Office and the Statistical Offices of the Federal States

Studio Hamburg, the city of Hamburg accounts for a large share of day-to-day television productions. Sporting events and news broadcasting are also among the important mainstays of the NDR.

The work of Hamburg's film funding institution "Filmförderung Hamburg Schleswig-Holstein" also helps to ensure the stable development of the city's film and broadcasting industry. The institution connects and supports local companies and markets the location in order to arouse interest among national and international production companies. The city has a long way to go until it has fully exploited its potential for film tourism. Numerous links to popular German television series (e. g. "Großstadtrevier", "Der Tatortreiniger", "Die Pfefferkörner") and international film productions such as "A Most Wanted Man" and "Salvation" present an opportunity to alert even more people to Hamburg's filming locations in the future. The first steps have already been taken: with their newly established "Hamburg loves film" initiative, Hamburg Tourism and the film funding institution "Filmförderung Hamburg Schleswig-Holstein" advertise Hamburg as a film location in cooperation with municipal partners and have already come up with their first film tourism services together with collaborators such as Studio Hamburg.

Hamburg is also home to a strong and varied VFX, post-production and animation sector, which builds bridges across all different areas of moving image production as well as with multimedia formats. This factor is important for companies in the Internet and advertising industries when it comes to presenting their services and finding service providers.

One of the special aspects of Hamburg's production companies is the relatively high turnover (around 420,000 euros) per employee subject to mandatory social security contributions compared with Berlin at 180,000 euros. So despite the larger scale of the film and broadcasting industry in cities such as Cologne, Munich and Berlin, Hamburg should be confident that production can still take place under buoyant conditions here.

QUOTE

"A number of young production companies have recently repositioned themselves and joined forces to establish the 'Hamburg lebt Kino' (Hamburg Lives Cinema") initiative. The network is strong, and this initiative has brought the whole industry closer together in a bid to collectively rise to the new challenges."

Verena Gräfe-Höft,
Managing Director of Junafilm UG

A closer look at the employment trends in each city as part of an isolated analysis of the broadcasting and film industries reveals that Hamburg has experienced extremely strong growth in the broadcasting industry since 2009. This is something it shares with Munich. Of the four cities, Cologne is the only one to have experienced a distinct increase in the number of people employed in both the film industry and broadcasting.

With its strong performance in the advertising and design sectors, Hamburg offers a competitive edge thanks to its creative environment and also provides good general conditions for production companies. The variety of service providers in the city and the state-of-the-art production facilities ensure produc-

Filming of the film "Buddy" in the harbour city

QUOTE

"For us, Hamburg represents tradition and innovation in equal measure. We have been producing first-class TV formats, developing formats for feature films, series, documentaries and entertainment for years in this location, also profiting from the appeal that the media and creative industries in the city exerts over highly qualified creative staff. Studio Hamburg and the City of Hamburg –– it just works."

Johannes Züll,
CEO of Studio Hamburg GmbH

tion processes are efficient and communication is direct in Hamburg. Another stabilising factor here is the outstanding training and further education available in the city's institutions, e. g. at the multi-award winning Hamburg Media School.

Trends and challenges

Digitalization brings with it a considerable amount of upheaval, especially as far as the television and broadcasting industries are concerned. Consumption of video content among the younger target groups in particular often proves to be non-linear, with users frequently opting to access this content online. This trend has already altered the contexts in which content is used and means that the television landscape is set to become more heavily fragmented in the future, with more intense international competition. Nevertheless, one-off televised events, e. g. the transmission of sports decisions, demonstrate a reinforced trend for common linear consumption. The YouTube phenomenon also demonstrates the regulatory difficulties that arise when video platforms on the Internet compete with the strictly regulated traditional broadcasting platforms in providing the public with information. Hamburg plays a prominent role in the regulatory discussions chaired by the First Mayor in the Bund-Länder Commission's discussion of media convergence and is committed to renewing the regulatory framework conditions for the media industry.

4.3 Design market

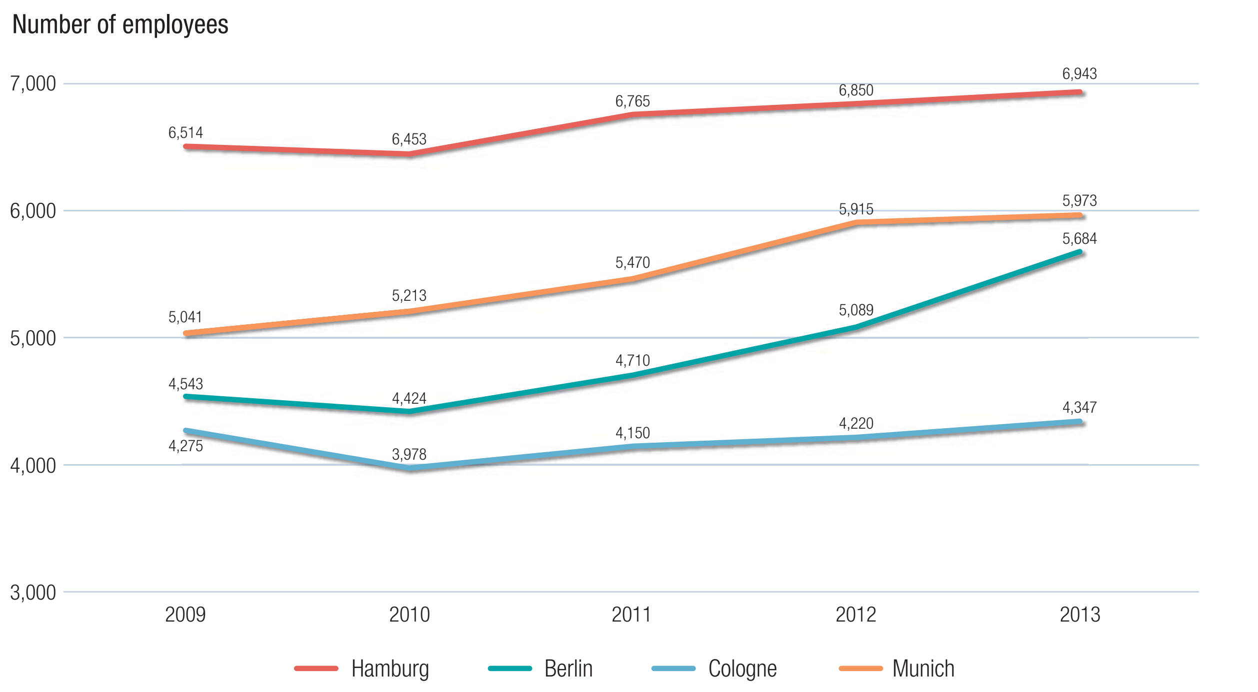
With almost 7,000 employees, Hamburg's design industry is the fourth biggest creative sector behind software and games, advertising and the press market. If the large numbers of freelance designers and self-employed people who play an important role in the industry are also taken into account, this reveals just how much economic weight the design industry carries in Hamburg. Indeed, there has been a huge increase in the number of advertising experts, graphic designers and designers in Hamburg ever since the 1980s. The number of employees in the industry increased again by around 500 people from 2009 to 2013. At around 1.3 billion euros, the turnover generated by the industry in Hamburg is considerably higher than Berlin (900 million euros).

The design sector encompasses a wide variety of extremely diverse sub-sectors, each with widely varying economic significance for the city. Communication, packaging and multimedia are all strong-selling design sectors which are also closely intertwined with the advertising and communication industries, providing a stable foundation for the design industry.

Photography and illustration, in turn, are more closely associated with the art sector, so they are of less economic importance for the city.

With the new addition of designxport in 2014, Hamburg's design sector now has a central institution that demonstrates just how important the industry is. It provides a place for students, designers and clients to meet and develop projects together. Designxport showcases design work from Hamburg in exhibitions, organises presentations and workshops, promotes research into design and fosters a mutual exchange between industry professionals as well as with sectors outside of the design industry.

Figure 18: Employees in the design industry in the German media locations from 2009 to 2013



Source: Federal Statistical Office and the Statistical Offices of the Federal States

QUOTE

"Hamburg offers outstanding prospects for design graduates: the media companies here are part of an extremely diverse ecosystem which offers all sorts of opportunities – both for those looking to enter self employment and for those hoping to secure a permanent position as a designer."

Prof. Peter Kabel,
Communication Design, Hamburg
University of Applied Sciences,
Department of Design, Media and Information

This publicly visible representation of the design industry is all the more important in view of the extremely individual and distinct structure of the industry. The rising prices and rents in the city also make it difficult for the design industry to openly foster an alternative culture.

Hamburg's higher education institutions offer numerous different design courses intended to draw talented young people to the city. Prestigious courses in subjects such as illustration, photography, textiles, typography and communications design at the Department of Design, Media and Information (DMI) at the Hamburg University of Applied Sciences and the University of Fine Arts (HFBK) create a vibrant, fresh environment for design offices and the advertising and communication sectors.

Trends and challenges

- With so many market players, jobs are abundant and there are lots of positive opportunities to develop through change.
- Price dumping among smaller companies

Exhibition space at Designxport in Hamburg's HafenCity quarter

- Non-digital business is transitioning to digital platforms (products and services are merging) and it is becoming increasingly important for companies to develop their services and strategies as the design tasks of the future change.

- Diversification of media and communication channels with specific requirements.

QUOTE

"Hamburg offers excellent opportunities for networking, presentation and gaining access to information, both for the designers' scene and the design industry, as well as for anyone with a personal or professional interest in design. This applies not least to the 'designxport' design centre in Hamburg's HafenCity quarter, a project initiated by representatives from Hamburg's design industry and promoted by the Department of Culture: the design centre has been making an important contribution in this regard since summer 2014 thanks to its continuous programme of exhibitions and events."

Dr. Babette Peters,
Member of the designxport GmbH
Executive Board

- Changes to customers' behaviour and purchasing patterns

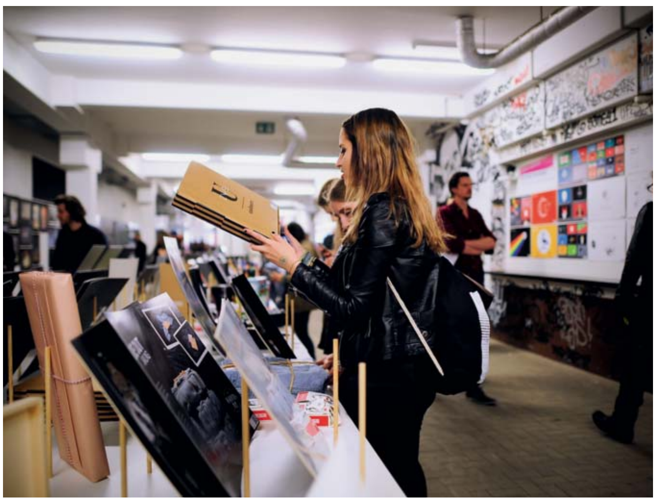
- Growing importance of the following issues in design processes and developments: sustainability, environmental impact, efficient use of resources, fair trade, local economy opportunities and the side effects of big data.

- Increasing tendency and need for interdisciplinary collaboration between designers and professionals from science and research and other creative sectors

- Designers work at the interface between society, culture, science, technology and industry and they have a far more decisive impact in shaping a product or service (e. g. through the decision to use environmentally-friendly materials) than just making it look good on the surface.

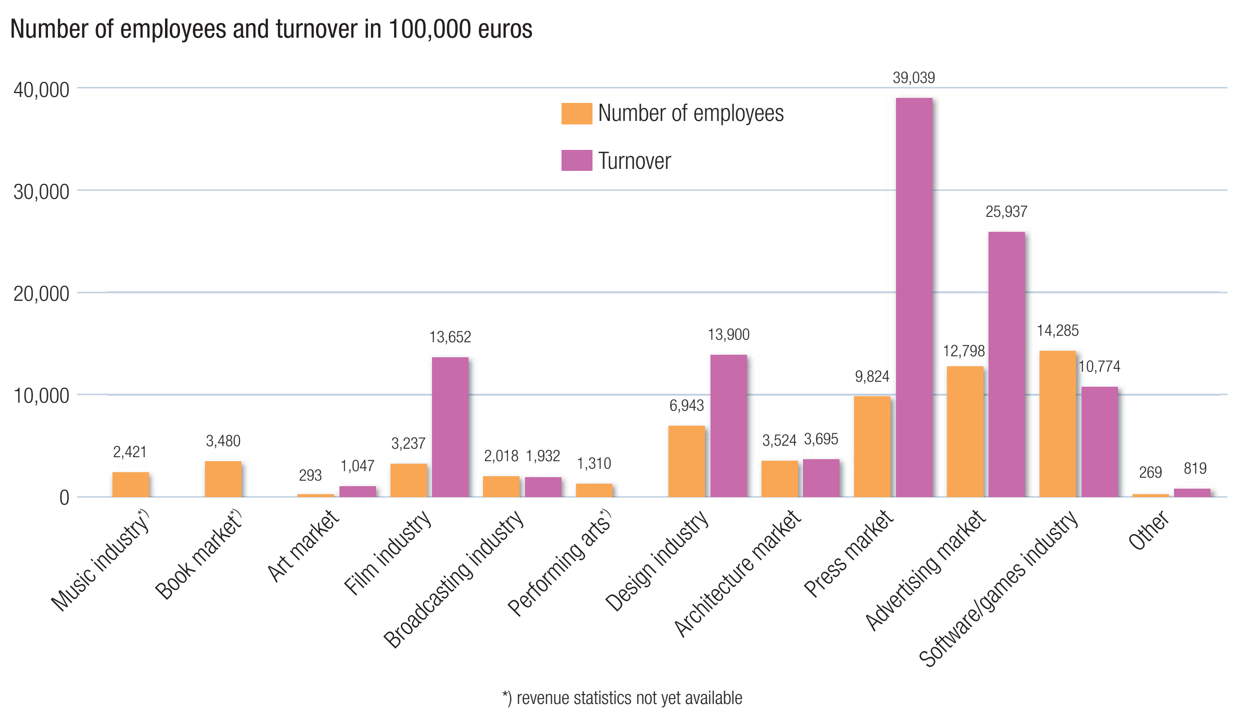
4.4 Advertising market

With around 2,000 advertising agencies specialising in all different areas, Hamburg is Germany's capital city for agencies and has an excellent reputation in this regard. The city's numerous long-established and renowned agencies are credited with important creative awards every year.



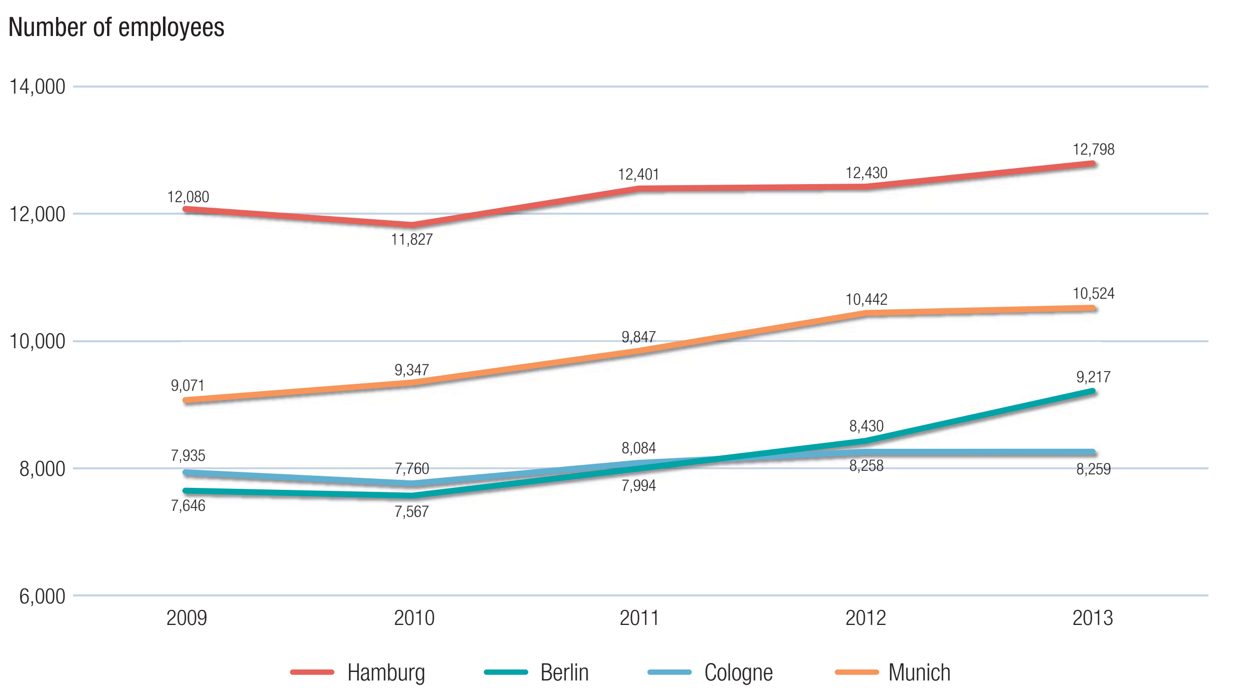
The ADC Festival exhibition in the Millerntor-Stadion

Figure 19: Turnover and number of employees in the sub-sectors of Hamburg's cultural and creative industries in 2013



Source: Statistical Office of Hamburg and Schleswig-Holstein

Figure 20: Employees in the advertising market in German media locations from 2009 to 2013



Source: Federal Statistical Office and the Statistical Offices of the Federal States

Staff from the "Philipp und Keuntje" advertising agency in their office in Hamburg's Speicherstadt (warehouse district)

According to a list of the ten most creative agencies in Germany compiled by Werben & Verkaufen magazine, eight out of the ten of these agencies have an office in Hamburg. The ADC Festival, Germany's biggest convention for advertising and creative sectors, has raised even greater public awareness of this industry in Hamburg over recent years. The Hamburg campaigns receiving awards here clearly demonstrate what makes for excellent design and successful advertising campaigns.

With the numerous well-known consumer brands based in the city, Hamburg is an important centre for major brands and large-scale campaigns.

This is also demonstrated by the employment figures for Hamburg's advertising industry. In Hamburg, there are around 13,000 employees subject to mandatory social security contributions working in the advertising industry. So in terms of employment levels, it is the city's second biggest creative sector behind the software and games industry (14,285 employees). With revenues of 2.6 billion euros, the advertising industry also boasts the region's second highest turnover after the press market, which generates revenues of 3.9 billion euros.

QUOTE

"Hamburg is one of the most creative advertising cities in the world. The city's agencies are mentioned in the same breath as advertisers from NYC, London and Rio at advertising festivals. Its importance is also demonstrated by the ADC Festival's decision to remain in Hamburg."

Harald Kratel,
mlv Werbeagentur GmbH

A comparison with the other media cities highlights the importance of the media industry for Hamburg even more clearly: with almost 13,000 employees, Hamburg's industry is considerably bigger than the industries in Munich (10,524), Berlin (9,217) and Cologne (8,259). The increase of six per cent in the number of employees since 2009 is also very positive. Revenues in Hamburg rose by 3.8 per cent in the period from 2009 to 2013. These figures are, however, considerably lower than the increases registered in both cases in Munich (number of employees: + 16 per cent; turnover: + 38 per cent).

In recent years, agencies have been shifting towards a more project-based working environment which requires greater efforts in terms of coordination. Large numbers of freelance employees often have to be called upon at short notice in order to ensure projects are finished on tight schedules. There is also a clear tendency for companies to specialise in certain sectors and media formats that have proliferated as a result of digitalization.

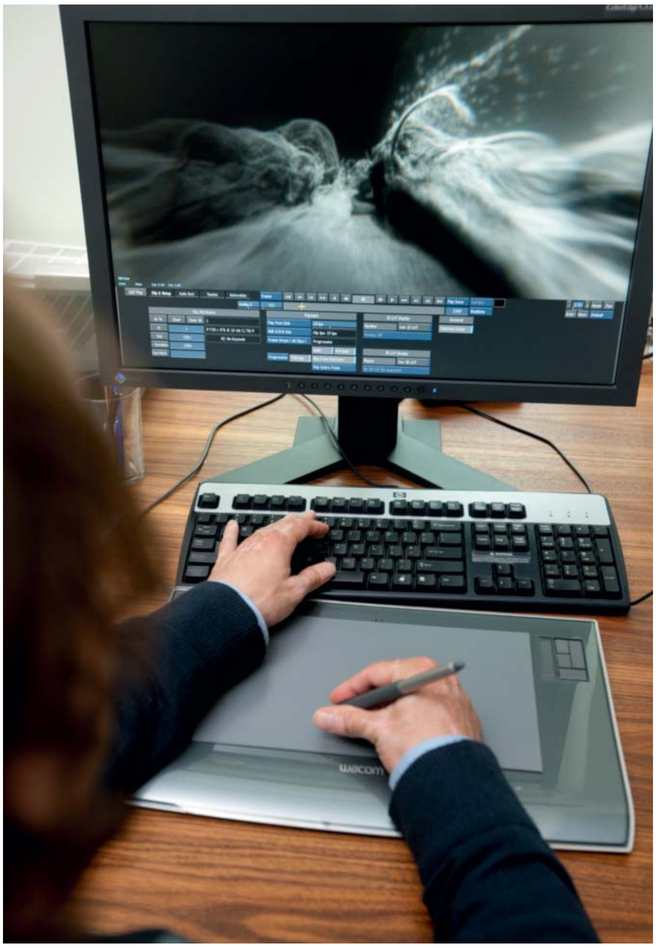
Trends and challenges

- Advertisers are looking to spend their advertising budgets increasingly efficiently, while consumers are becoming harder and harder to reach.
- Consumption patterns have changed: the number of channels used is constantly growing, with consumers increasingly accessing multiple channels at once. The coverage of individual programmes diminishes as a result, as does the focus on the advertising message.

QUOTE

"Moving images are one of the hottest trends in advertising. Film production companies are currently profiting immensely from the fact that increasing numbers of companies want a film for their website. But the 'one size fits all' approach doesn't work here! Working together with the customers and the agencies, it is important to create an individual concept for the a suitable production that is tailored precisely to the area of application and the target group."

Mirko Heyn,
Managing Director and Film Producer,
Perspektive Media GmbH



Infected, a company based in Hamburg's Schanzenviertel district, specialises in full-service post-production for advertising

- Advertising messages are being intelligently interlinked across different media (cross-media) to an increasing extent.

- It is more difficult to attract consumers' attention nowadays, hence the intensified use of content marketing and advertising formats that have been adapted to the new channels or the new use of content (mobile/social advertising, native ads) and the technical tailoring of digital advertising to suit specific target groups (targeting and re-targeting)

- Trend: video advertising on digital channels (video ads/YouTube stories)

- Big Data has the potential to offer a huge amount of information about customers and their habits. Using this data in real time presents a major challenge for companies.

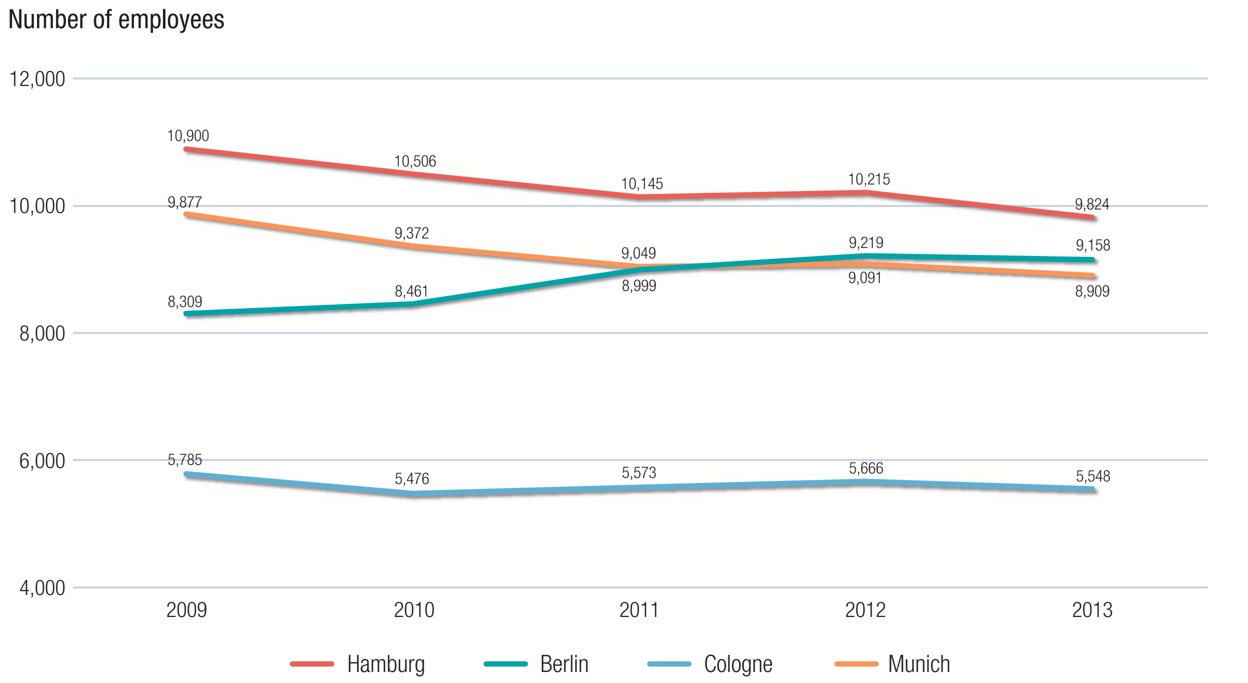
- Media planners are faced with competition from automatic ad placements based on machine-generated analyses of customers' data. Could fully-automated, real-time management of advertising spaces replace human advertising planning?

4.5 Press market

Hamburg's press scene has long been the trademark of the city. Entrepreneurs like Axel Springer, Gerd Bucerius, John Jahr and Richard Gruner played a defining role in shaping the city's journalistic identity. They were the people who gave Hamburg the diverse, first-rate publishing scene it is still known for today.

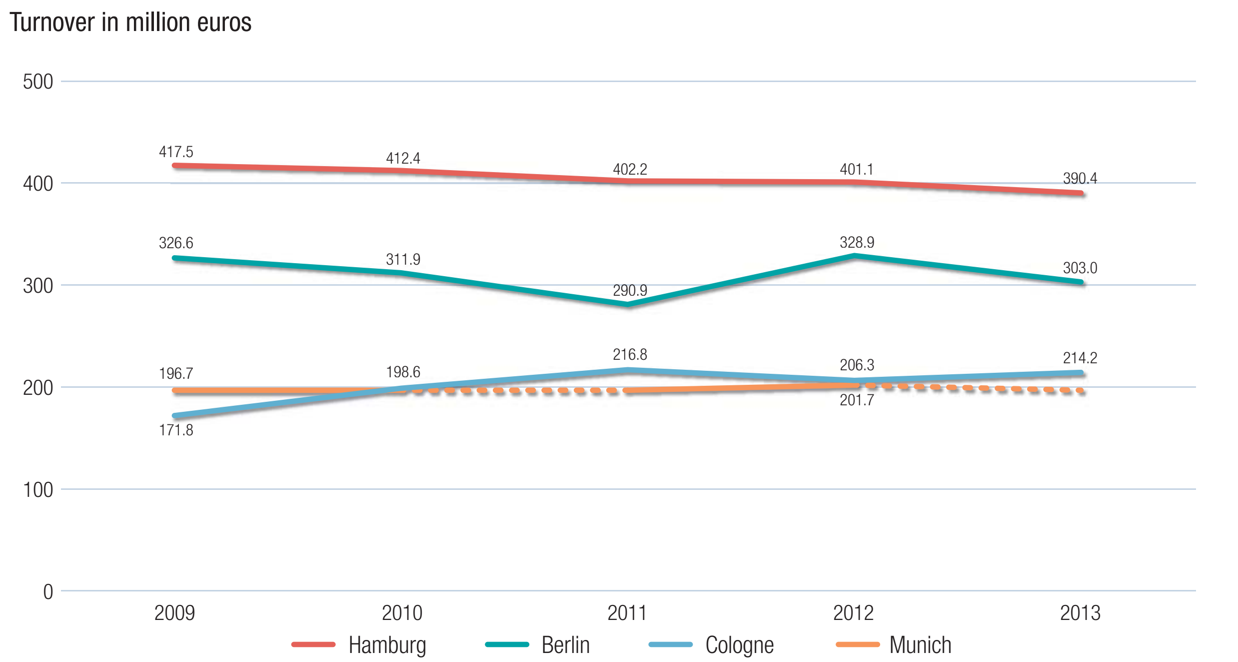
It is therefore all the more significant that even some of the big companies, as well as many of the smaller ones, have found themselves forced to make considerable cutbacks as a result of the digital revolution. According to the economic data, the press market has suffered substantial losses in terms of employees and turnover in recent years. The number of employees in Hamburg fell by almost ten per cent from 2009;

Figure 21: Employees in the press market in German media locations from 2009 to 2013



Source: Federal Statistical Office and the Statistical Offices of the Federal States

Figure 22: Turnover generated in the press market in the German media locations*)



*) urban areas of Berlin, Cologne and Munich, excluding any other districts in the surrounding areas; 1) partially constructed values

Source: Federal Statistical Office and the Statistical Offices of the Federal States

QUOTE

"Tradition and innovation go hand in hand in Hamburg. This image is imprinted on the city's media landscape – and it is also the key to its success. Take DIE ZEIT, for example: the weekly newspaper was founded 70 years ago here in Hamburg, and we have since gone on to develop a strong brand with numerous products in print and digital format. Hamburg is therefore the German leader when it comes to media convergence in the press."

Dr. Rainer Esser, Managing Director,
Zeitverlag Gerd Bucerius GmbH & Co. KG

revenues also declined by 6.5 per cent. Nevertheless, Hamburg is the most important city for Germany's press market, with almost 10,000 employees in around 2,000 companies. The numbers of employees in the press market have also fallen noticeably in Cologne and Munich. Berlin remains stable with a relatively high level. With revenues of 397,000 euros per person employed (up slightly from 2009), Hamburg tops the list in this category; however, it should be noted the figures are rather closely matched on the whole.

Despite the losses it has suffered, the press market is the creative sector with the highest turnover in Hamburg. Specialist publishers and general interest publishers in particular continue to earn sound profits. In recent years, companies have gradually been adapting their business models in order to respond to the new conditions in the market. By doing so, they have succeeded in generating good profits from online business without neglecting their non-digital business platforms. Hamburg's strengths in e-business and advertising are also extremely advantageous for the press market in this context as they present an opportunity for companies to quickly find cooperative partnerships in new areas of business.

"Gruner und Jahr GmbH & Co. KG" Publishing House

Trends and challenges

- Modern technology is being increasingly introduced into editorial systems, newsrooms, etc.
- Development of digital strategies
- Stable portfolio of general interest magazines
- Growing pressure on prices and innovation when developing digital products and services
- External know-how (start-ups from the technology sector) is being increasingly incorporated into the development processes for new products and services
- Diversification

QUOTE

"With strong networks, important industry events and a wide range of opportunities for training for media professions, the City of Hamburg offers the best conditions for successfully overcoming the challenges of digitalisation and shaping the future of the media industry."

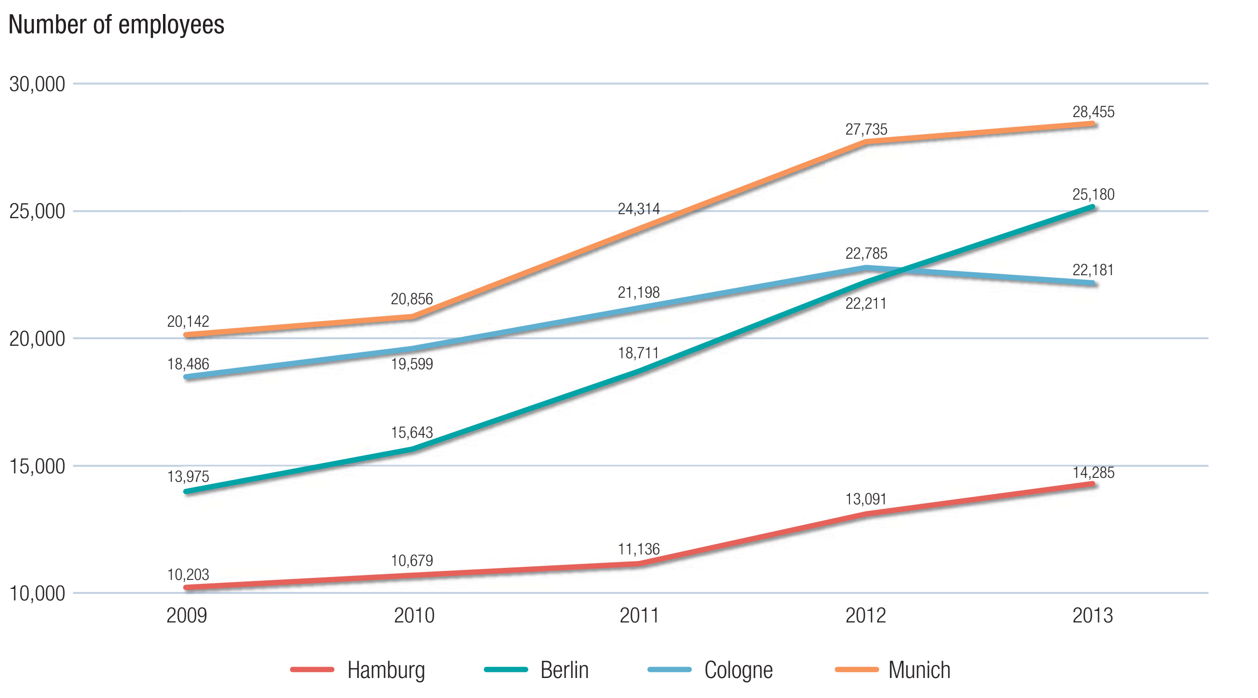
Frank Thomsen,
Head of Communications,
Gruner und Jahr GmbH & Co. KG

- Digital services offer the best coverage compared to other categories
- Circulation of e-papers is gaining momentum
- Transition towards corporate publishing and blogs in journalism
- Online coverage and media brands are being expanded across different types of media.
- The traditional daily newspaper is in decline in all the relevant parameters (circulation, coverage, spending).
- Online users are becoming more willing to pay for editorial content and publishers are turning to various paid-for content models. Nevertheless, it is unclear whether or not these models will prevail in the long run.
- New forms of advertising such as native advertising/ branded content are a major digital growth market.
- Online content allows for a different form of storytelling in the press – interactive stories are growing in importance.
- In addition to ensuring journalistic content is competently written, it is becoming increasingly important to consider how different content is read on different channels (stationary, mobile, social, etc.).
- The main focus of the digital and mobile press is on a younger target group. There are still only a few services and products that specifically address this group.
- Innovative developments need to be organised and expedited internally.

4.6 Software and games industry

When analysing the business sectors in the cultural and creative industries, the software and games indus-

Figure 23: Employees in the software and games industry in German media locations from 2009 to 2013



Source: Federal Statistical Office and the Statistical Offices of the Federal States

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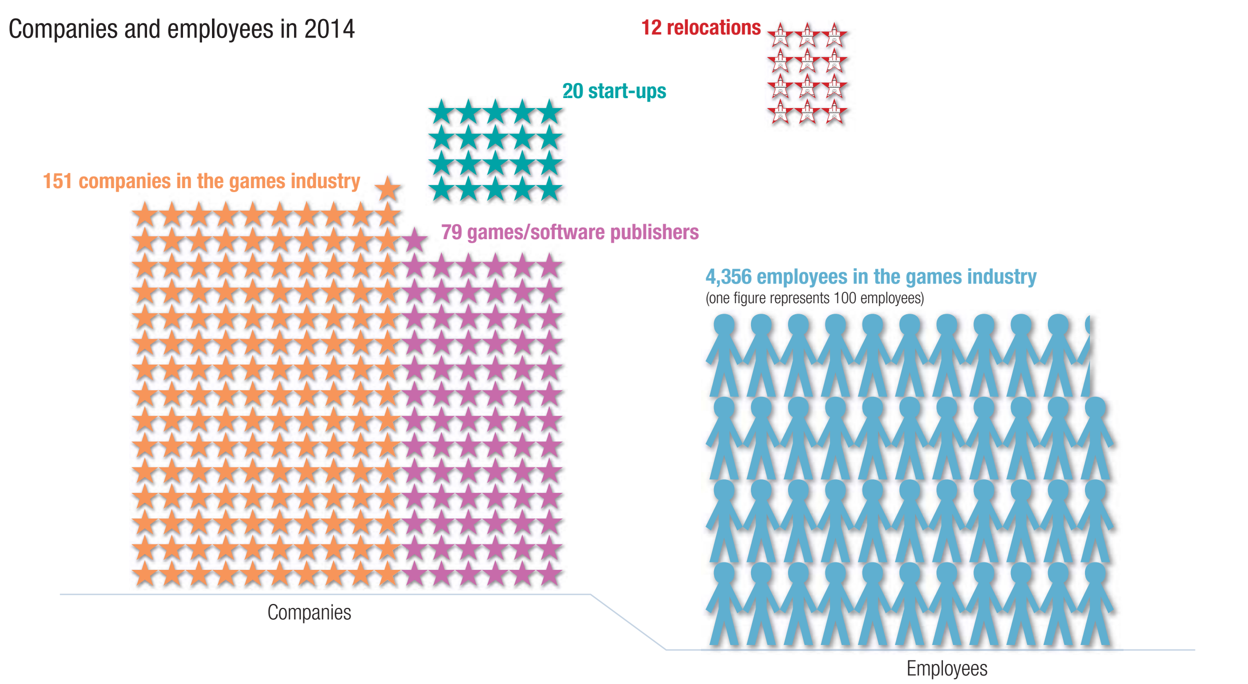
Figure 24: Overview of the games industry in Hamburg



Source: gamecity: Hamburg

QUOTE

"The high concentration of free-to-play game developers provides the perfect environment in which to exchange ideas and develop new creative products. And in a business as dynamic as ours, Hamburg's characteristic calm approach helps us keep our feet on the ground so we can make effective decisions that stand the test of time."

Christian Wawrzinek,
Founder and COO of Goodgame Studios

tries are identified as one of the creative sectors. While these business sectors belong to the creative industry in a narrow sense, analysing them in this context is generally quite difficult as the category fails to clearly distinguish between the games sector and other forms of software programming.

A comparison of the software and games industry in the four cities reveals that Munich is the city with the highest employment figures in this sector (28,455). Hamburg has the fewest employees (14,285). This high-turnover industry has grown considerably in size and importance in all the cities over recent years.

In terms of Germany's games industry and the importance of the four cities within the sector, Munich actually plays a rather minor role in comparison to Hamburg and Berlin, the major cities for games in Germany. So although Munich is a heavyweight as far as classic software is concerned, Berlin and Hamburg are the main ports of call for the definitive competence in games. The stable growth of major games companies based in Hamburg and the increasingly interlinked nature of the city's industry have helped Hamburg build upon its reputation as the Federal Republic of Germany's leading city for games development in recent years.

The “Gamecity:Hamburg” initiative, a public-private partnership, has been providing support for Hamburg’s games industry since 2003. The number of jobs in the value-added chain of the games industry has increased from 800 to 4,350 since the initiative was first started. Today, there are 151 developers’ studios and 79 games/software publishers based in Hamburg. Twelve companies relocated to the city in 2014 and 20 start-ups were established here in the same year. Hamburg is also Germany’s centre for browser games, social games and casual games, so it also boosts the multimedia sector and the film industry with the aid of cooperative projects and cross-media formats.

With its “Games Master” degree at the Media Campus in Finkenau, Hamburg’s HAW offers the perfect academic course for producing start-ups and fostering well-trained young talent. Hamburg’s vibrant scene has attracted increasing numbers of conventions and specialist events to the city in recent years. Held over several days, the PLAY Festival helps to ensure that the subject of gaming is also brought to the attention of the wider public. This demonstrates the important space games have now come to occupy in the fields of education, art, science and industry.

Trends and challenges

- Physical sales of games and brick-and-mortar trade are in decline; the market is dominated by online sales.
- It can be difficult for smaller providers to make themselves seen and heard among the huge volume of products available on the market.
- Crowdfunding models are performing well in the games industry.
- New online TV formats allow the industry to communicate with its users.
- Virtual reality and augmented reality will be the important topics of the next few years.
- Games are becoming more closely connected with aspects of lifestyle.
- Rise in the number of successful independent games and start-ups
- YouTube is the most important medium for the games industry with its innumerable “Let’s Play” videos.
- Huge demand for specialist expertise
- There are still certain difficulties when it comes to reconciling the more traditional forms of media with the games sector.
- Net neutrality: many business models for online games depend on access to a high bandwidth. Placing restrictions on bandwidths would be problematic for the development of the games industry.
- The unsatisfactory expansion of broadband networks in Germany is also perceived as an obstacle to innovation.
- Rash regulatory intervention in the fields of consumer and data protection can compromise economic development (e. g. gaming regulations).

5 Conclusion

This analysis of location-related data has demonstrated that although the cultural and creative industries have always been important in Hamburg, they have gained even greater significance in recent years as a result of the digitalization processes taking place across the whole economy. At the same time, the pressure to work in a cost-efficient way is constantly growing in every sector, including those with particularly high revenues. Following the noticeable exodus of large and small companies from Hamburg to Berlin in the 2000s, the city has consolidated its position once again over the past five years. The trend for companies to leave the city has come to an end.

Hamburg has actively positioned itself as a city with an emphasis on content in recent years, adopting a leading role in Germany's national debates on media regulations, copyright law and data protection. Cluster activities and associations' dedicated efforts to represent industry interests have proved fruitful in many sectors in recent years, ensuring the city is able to offer an effective ecosystem for economical working practices. The existing structures in the music and games industries in particular are exemplary.

Hamburg has consolidated its status as a creative hub in recent years, both nationally and internationally. This is demonstrated by the increasing variety of creative festivals adopting the city as their base or as a place to expand.

The outstanding development of the Reeperbahn Festival and the fact that Hamburg is set to host the ADC Festival for a further three years are proof that the city is a fresh, attractive location where traditional media and digital business models go hand in hand.

Hamburg's cultural and creative industries in brief:

- The exodus of certain companies to Berlin and the initial upheavals caused by digitalization have now settled.
- Hamburg is home to a large, varied and wide-reaching industry.
- Hamburg is the leading city in the fields of press, design and advertising.
- It is also very strong in e-business and the social media sector.
- Hamburg is the centre for browser games, social games and casual games.
- The media sector supports numerous transformation processes.
- The senate's active media policy is beginning to take effect: festivals and major events have now been successfully established in the city.
- Start-up activity is more widespread than is commonly known.
- The media industry has the potential to become even more important in this flourishing city.

6 Methodology

- This data is based on surveys by Germany's regional statistical offices on the number of employees subject to mandatory social security contributions, the number of taxpayers (companies) and the amount of sales generated from products and services. All the employment statistics cited in the analysis refer to the number of employees subject to mandatory social security contributions.

- Only taxpaying companies with revenues upwards of 17,500 euros were taken into account. As a result, there are many parties in the creative sector that do not figure in the statistics but still play an important role in the creative environment in the city.

- The data collected in the survey covers the period from 2009 to 2013. It was not possible to obtain more recent data at the time of publishing.

- In order to offset the lack of statistics for 2014 and 2015, the figures have been supplemented by reports on trends in the individual sectors and statements from industry specialists.

- Certain companies and their employees which are included the official quantitative survey of the cultural and creative industries carried out by Söndermann et al. have been double counted in the different sub-sectors. Consequently, the figures for the individual sub-sectors cannot be added together to calculate totals. Nevertheless, the double counts have been taken into account in the quantitative analysis of the cultural and creative industries as a whole. The individual diagrams include notes to indicate whether or not the survey includes duplicate entries.

- In certain cases, reference is made to figures from the 2012 report on the creative industries by the Hamburg Creative Association (Hamburg Kreativ Gesellschaft).

- Some of information in the data compiled by the statistical offices has been blacked out for data protection reasons. This means it has not always been possible to disclose all the relevant figures in the diagrams. Constructed values have occasionally been used in such cases. This is indicated in the graphics.

- Important urban areas and production sites for the media industry have been included in the greater urban areas of the cities of Munich, Berlin and Cologne. For example, Cologne's Hürth district, Unterföhrung near Munich and Berlin's Potsdam district have been taken into account when gathering the statistics. In the case of Hamburg, the city state serves as the regional boundary for the analysis. The turnover statistics present an exception to this rule: due to the numerous instances of blacked-out information in the turnover statistics, it was necessary to refer to the wider urban area in order to collect these figures.

Further information can be found online, where the booklet is also available to download.