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Volume 8

Innovation in the Cultural and Creative Industries

**Edited by
Estelle Pellegrin-Boucher
Pierre Roy**

ISTE

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Innovation and Technology Set

coordinated by
Chantal Ammi

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Introduction

In a globalized context where standardization is becoming the norm, cultural and artistic heritage certainly embodies one of the greatest tangible and intangible assets of a country. In Europe, the cultural and creative sectors thus represent 4.2% of the Union's GDP and nearly 7.1 million jobs, mainly in small businesses (EY 2013). In France, as shown by the studies conducted on the subject, the cultural and creative industries (CCIs) are also a lever for national influence. Indeed, the panoramas of these industries highlight the economic (104 billion euros) and social (nearly 1.7 million jobs) value of these sectors (EY France Créativité 2013; BPI 2017).

Because of their innovative nature and the value creation they generate, these sectors represent a real source of wealth and job creation, particularly since they are rarely relocatable. In addition, they require rare talents and knowledge that is difficult to substitute, rooted in specific know-how, heritage, etc. The figures also highlight that the development of these sectors is linked to the increasing use of digital technologies (EY France Créativité 2013). Indeed, software, Big Data and artificial intelligence reduce technical constraints and help creators to concentrate on their production while freeing up their creativity. They also make it possible to get closer to the needs of consumers.

Yet these sectors have long been neglected by academia and the business media, partly because of their heterogeneity and apparent complexity. They cover a wide range of activities, from film and publishing to the more recent video game industry. The first objective of this book is to better define this

set of activities and give it greater visibility. Our second objective is to show the innovative nature of CCIs and to identify useful *best practices* for companies. We believe that, despite the specificities of each cultural and creative industry, and precisely because of the innovative and avant-garde nature of CCIs, some innovations are transferable to other sectors and industries.

1.1. Definition, characteristics and scope of CCIs

In the field of economics, or in management sciences, some specialists have defined and characterized these industries. For example, Busson and Evrard (2013) identified seven sectors of activity that are part of the CCI: heritage, performing arts, the book industry, the music industry, video games, film and television. Paris (2010) considers that the cultural and creative industries encompass all activities characterized by a creative process. He thus integrates fashion, advertising, gastronomy, design, etc. He identifies three characteristics common to CCIs:

- the creative act (the supply) exists independently of any market demand;
- the value of a good is linked to a social dimension (listening to the same music as our friends, going to the cinema in a group, wearing clothes that set us apart, etc.);
- prescription plays an essential role and contributes significantly to the success of the works.

Other researchers have highlighted the economic particularities of these industries (BPI 2017). First, they include editorial institutions responsible for the selection and distribution of products to consumers. Actors within the sector have the function of selecting works and promoting them to the general public (Caves 2002). Second, in these industries, success is never predictable. As a result, a few major successes finance a majority of commercial failures (Karpik 2007). A film, book or music album is indeed a prototype whose commercial success is always uncertain. Third, the value of creative and cultural goods is revealed in experience. As these goods only reveal their benefits in use, they require the implementation of judgement mechanisms (criticisms, opinions, etc.) to help consumers in their purchasing decisions. Fourth, dematerialization weakens some parts of the cultural industries (music, cinema, books, etc.), so appropriate solutions must be

found to avoid large-scale piracy. Finally, there is a geographical concentration of cultural and creative activities (Hollywood for cinema, Paris for fashion, Bangkok for jewelry, etc.). This grouping is conducive to innovation and excellence, and it contributes to the creation of *clusters* whose symbolic value reflects on works and brands.

In this book, we have also sought to clarify what these activities represent and what are their characteristics.

In our opinion, the first point common to all these sectors is creativity (Busson and Evrard 2013). Indeed, all these industries are characterized by a very strong capacity to produce a new, original solution, which draws on the imagination of its creators and whose value is more symbolic than utilitarian (Bouquillion *et al.* 2013). The second common point is an anchoring in a particular artistic field and a strong cultural capital; for example, fashion and video games have their roots in drawing and are influenced by the graphic and visual arts. The intangible and symbolic aesthetic dimension may be more or less strong in these sectors, but it is always present. It can also override the effectiveness of the product or service being marketed. Finally, the third point is the innovative nature of creative and cultural productions (Evrard and Busson 2018). Indeed, the cultural and creative industries produce objects and services that are new to their markets and create value for consumers.

Based on these elements of definition, here are the sectors that we have grouped together in the CCIs for this book (see Table I.1): architecture, cinema, photography, the art market, plastic arts, design, fashion (textiles, clothing, accessories, perfumes, cosmetics, luxury), heritage (museums, monuments), advertising, performing arts (shows, theaters, festivals, concerts), radio, TV, music, video games, gastronomy, living arts (decoration, furniture, tableware), publishing (books, press). For greater clarity, these industries can be grouped into 10 sectors of activity (BPI 2017).

In France, the CCIs embody a strong symbol of the country's identity and a lever for international influence. This is particularly linked to the weight of culture in the country and its very rich heritage. Thus, more than 500,000 companies are active within the CCIs. The BPI France organization in a study published in 2017 shows that these industries represent 104 billion euros (or 5.3% of the national GDP) and have totaled more than 1.7 million

jobs (or 6.3% of paid employment). As an economic comparison, CCIIs represent slightly more than twice the size of the accommodation and catering sector (BPI 2017).

CCIIs	Description	Added value (in euros)	Number of jobs	As a % of total value added
Architecture	Architecture	3.9 billion	40,000	4%
Fashion, luxury, beauty	Textile, clothing, accessories, perfumes, cosmetics	33.5 billion	593,000	32%
Heritage	Museums, monuments	1.7 billion	40,000	2%
Advertising	Advertising	8.8 billion	149,000	9%
Live performance	Shows, theaters, concerts	7.5 billion	172,000	7%
Audiovisual media	Radio, TV, cinema, music, video, video games	14.1 billion	125,00	14%
Gastronomy	Wines	3.5 billion	61,000	3%
Visual arts	Photography, art market, plastic arts, design	9.3 billion	179,000	9%
Lifestyle	Tableware, furniture, decoration	10.6 billion	217,000	10%
Printed media	Book, press	10.1 billion	134,000	10%

Table I.1. *Cultural and creative industries in France (source: BPI France, based on INSEE data (2017))*

I.2. Innovative strategies at the heart of CCIIs

Many recent transformations have impacted the different CCIIs described in section I.1. These include technological revolutions (Internet, dematerialization *via* digital technology, artificial intelligence, etc.), new sociological and consumer trends, increasing internationalization, changes in legislation or the convergence of certain activities (cinema and video games, for example). Faced with these profound changes, the historical and/or newly arrived companies in these CCIIs have thus been confronted with new strategic challenges. The answers provided by companies are at the heart of this book. We would like to highlight the innovative strategies of companies located in CCIIs, starting from an idea that has the status of a gamble:

managers and employees involved in CCIs are more creative than average, and companies' strategies must necessarily benefit from this additional creativity compared to other sectors. In other words, we are convinced from our empirical research in these sectoral contexts that the profile of actors has a positive effect on the innovative dimension of the strategies carried out there.

The objective of this book is thus to offer a first overview of innovative and effective strategies carried out in CCIs. We considered innovation from a strategic point of view, that is, how a company innovates in defining its offer, in its approach to the market and/or in its internal organization. Thus, this book discusses strategies whose innovative character lies, for example, in the characteristics of the company's business model, in the type of distribution channel, in the nature of customer relations, in the combination of cooperative and competitive relations, in open innovation or in the consideration of environmental issues. Each chapter is structured around five elements:

- 1) a theoretical framework focusing on a specific concept;
- 2) the methodological design used;
- 3) a presentation of the CCI concerned;
- 4) the analysis of the innovative strategy;
- 5) a feedback on the lessons learned and good practices of the case.

The design of this collective work has led us to select authors who are specialists and recognized within the field of CCIs. Prior to their participation in this book, they all carried out empirical research in one or more CCIs, and their work gave rise to different types of developments: scientific articles, books, press articles, communication at conferences, etc. This book also aims to create links between authors working on CCIs and to promote the work of this community of established or future researchers. The selection of authors necessarily leads us to focus on some CCIs at the expense of others. The seven CCIs discussed in this book are video games, books, music, museums, fashion, cinema and architecture. We are also aware that this book embodies a first step in our desire to promote the work carried out in the field of CCI strategy in the months and years to come. We intend not only to fully pursue the exploration of the industries discussed in this book but also to tackle those excluded from it.

I.3. Summaries of the chapters and the structure of the book

In Chapter 1, **Pascal Aurégan and Albéric Tellier** analyze Nintendo's Blue Ocean strategy using Kim and Mauborgne's tools (2004). Through a longitudinal analysis of the game console industry conducted from 2006 to date, the authors show that this industry has grown steadily. Within this sector, Nintendo pursued a Blue Ocean strategy with the launch of the Wii in 2006, which allowed it to become the world leader in video game consoles again in 2011. However, the failure of the Wii U from 2012, and the aggressive imitation strategies of its competitors Sony and Microsoft, quickly reduced its competitive advantage. The authors show that imitating a blue ocean can be quick and that the competitive advantage gained through this strategy is sometimes short-lived. In order to innovate and maintain the benefits of innovation within the creative and cultural industries, Pascal Aurégan and Albéric Tellier make several suggestions. First, in order to innovate and develop blue oceans, it seems essential to question and renew the rules of the game commonly acquired within a sector. Second, it is necessary to assess the long-term potential of a blue ocean. Finally, it is in the interest of innovative companies to create links between the various actors because their partners must adhere to their projects.

Chapter 2, written by **Carole Poirel**, is devoted to the study of omnichannel innovations in the book trade concerning a group of booksellers that has distinguished itself by its choices in favor of the omnichannel since 2015. This Libraires Ensemble group, created in 2001, currently has 54 bookstores located in major urban centers outside Paris. The resulting innovation analysis, based on a case study and a qualitative method, is part of the retail cooperative and has a collective resource-pooling dimension. The author shows that, in order not to appear commercially obsolete compared to other brands, self-employed people have developed their online presence, connected their bookshops to the Internet and set up networked CRM tools. This has enabled them to take advantage of the complementarities between physical and virtual businesses that consumers seek and appreciate. However, the omni-channel devices used by the group do not constitute an *ex nihilo* innovation since they already existed in other brands and in other sectors. The innovative character here lies in the import and adaptation to the independent library of a managerial approach based on the strength of its network. Carole Poirel draws many lessons and good practices from this research. We can mention in particular the importance of the variety of the assortment (products and services), but also the strategic

nature of *merchandising* and the customer experience in stores and on the website in order to encourage people to stroll around and buy books.

Among CCIs, the music industry has also experienced major upheavals in recent years. **Alexandre Perrin** explores some of these transformations in Chapter 3 through the case of Daft Punk and the economic model developed by the famous French electronic music duo. The author traces the group's journey from its beginnings in 1993 to its recent successes and demonstrates its ability to innovate in relation to the dominant models of the music industry. The concept of the economic model and its components (value proposition, value architecture, profit equation) serves as an anchor point for Alexandre Perrin to compare the strategies of the various industry players and the changes that have occurred. Based on Daft Punk's accounting, financial and organizational data, the author deciphers the various innovative dimensions of their economic model. Thus, he highlights how the group has been able to create a model adapted to the evolutions of the music industry. Four key success factors embody the success of Daft Punk's strategy according to the author: an ability to "do things their own way", to present finished products, to finance their own work and to maintain close control over it. Beyond the artistic aspects, the case thus reveals the role played by the control of the financial dimension in both the creation and distribution of musical works.

In Chapter 4, **Juliette Passebois-Ducros** studies innovation for the visitor experience in museums, using the Lascaux caves as a case study. Thanks to digital technologies, the establishment has not only been able to offer innovative mediations concerning the built heritage of the caves, but also to offer an "enhanced" and more personalized visitor experience (before, during and after the visit), thanks to the analysis of personal data generated by visitors' behavior. Thus, Lascaux inaugurates the use of Big Data for cultural organizations, extending the movement initiated by the major creative industries. This study also examines in more detail the notion of "User Experience" (UX). One of the challenges of UX is to make technology easy, pleasant, and as intuitive as possible for a user, as well as to perfectly meet the user's needs. The objective is also to personalize his/her experience and make it memorable in order to create a sustainable competitive advantage. The author shows that the cultural industries are a prime area in which to test experiential marketing but also different digital technologies. The experiment must be carried out throughout the visitor's journey in order to offer opportunities for innovation and differentiation. When managing the

experience itself, it is good practice to use technological tools to complete the visitor experience in a measured way. Finally, the study shows that it is not a question of collecting data to obtain monetary benefits but rather of using this data to continuously improve the visitor experience.

The fashion and textile industry is discussed by **Arthur Caré** in Chapter 5. The author challenges this creative industry in terms of green innovations and the major issues to which this industry is exposed in terms of its environmental impacts. The chapter is particularly interested in the introduction of a green innovation strategy in textiles and clothing through the case of Tale Me, whose core business is the rental of clothing for customers whose bodies are rapidly changing (children, pregnant women). Against the trend of actors embodying the dominant model of fast fashion (H&M, Zara, Gap, etc.), the case of the company Tale Me highlights how some companies are trying to develop alternative models based on a green approach. When examined in a qualitative approach, the case of this “clothing library” makes it possible to identify the ways of introducing a green disruption but also the limits and obstacles to its widespread dissemination. Arthur Caré shows how Tale Me manages to achieve a certain success with the targeted niche but also the difficulties encountered when it comes to extending the strategy to a wider market. This result leads the author to compare the specificities of the Green Ocean strategy with those of the Blue Ocean strategy. In particular, Caré stresses the importance of seeking relays (through cooperation with dominant industry players) to expand the green innovation strategy on a larger scale and meet the dual objective of economic and environmental performance.

Chapter 6 gives **Eve Lamendour** the opportunity to question innovation strategies in the cinema sector from the perspective of the identity and positioning of supply (types of films offered, original or French version, schedules, pricing policy, services, etc.). Starting from the transformations of the film industry, such as digital projection or the development of streaming platforms, the author studies the impacts on a step that takes place later on in the process: the exhibition of films in cinemas. The stakes are multiple: how to enhance the value of cinema screenings in the age of Netflix? How to position the offer according to its location? How to balance cultural issues and economic imperatives? etc. The competition between cinemas in the Nantes urban area provides a stimulating empirical context for discussing the strategic issues faced in this sector. In particular, the author shows how two types of actors coexist on this market: those responding to an economic and

commercial type of logic versus those attached to the cultural and artistic dimension of cinema. Tensions between the two cinema profiles as well as that between geographical areas (city center versus suburbs) are discussed. The case shows how cinemas position themselves, sometimes confront each other and enter into games of aggression-reaction in terms of identities.

Finally, in Chapter 7, **Estelle Pellegrin-Boucher** and **Pierre Roy** explore developments in the architectural sector and discuss the growing trend that leads architectural firms to work together with their competitors. This strategy, known as cooptation, is based on a mixture of cooperation and competition and consists here in responding to a call for tenders with one's competitor in order to maximize the chances of winning it. The generalization of this strategy embodies an innovative response to new challenges in the sector such as fierce competition between agencies, the growth of powerful brands associated with major names in the sector ("starchitects"), the internationalization of the business and new customer requirements. Based on qualitative empirical studies conducted in Montpellier and Paris, the authors reveal several benefits associated with the cooperation strategy among architects. First, agencies improve their commercial prospecting and thus reveal new opportunities for future projects. Second, cooperation offers a solution to one of the frequent difficulties faced by architects: the geographical distance between the location of the firm and that of the construction project. Finally, the case of the renovation of the Montparnasse tower in Paris demonstrates how the management of an architectural project carried out from A to Z makes it possible to innovate at the product level but also at the commercial and managerial levels.

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Nintendo in the Pursuit of the Blue Ocean

1.1. Introduction

The book by W. Chan Kim and Renée Mauborgne entitled *Blue Ocean Strategy*, published in 2004, was very successful from its publication. Translated into 44 languages, more than 3.5 million copies of the book have been sold worldwide. According to the authors, the Blue Ocean strategy is taught in more than 2,800 universities!

Designed with and for practitioners in constant search for the “winning strategic recipe”, the book aims to propose to leaders an approach that will enable them to create new strategic spaces, “blue oceans”, as opposed to “red oceans”, where competition is fierce. Management researchers, despite showing a definite interest in the concept of the “blue ocean”, are perhaps more likely to question the theoretical robustness of the approach and its ability to systematically produce winning strategies.

Thus, the purpose of this chapter is to test the work of Kim and Mauborgne through the analysis of the Nintendo case over a long period, from 2006 to the present day. This analysis seems to us to be conducive to highlighting not only the interest but also the limits of the Blue Ocean approach, particularly in the creative industries.

This chapter is organized into five main sections. Section 1.2 briefly presents the Blue Ocean approach, its principles and analytical tools. Section 1.3 presents the methodological framework and the video game industry.

Chapter written by Pascal AURÉGAN and Albéric TELLIER.

Section 1.4 presents Nintendo's strategy for launching its various console generations and the results obtained. Finally, section 1.5 is devoted to the discussion of the case, in the light of the Blue Ocean approach.

1.2. Blue Ocean strategy

Kim and Mauborgne's work on Blue Ocean strategies is based on a simple idea: at a time of hyper-competition, it is often more appropriate to "stand where the competition is not" rather than to seek confrontation. Their project is to propose an approach that will allow managers to discover and exploit blue oceans that are untouched by any competition.

To build this approach, Kim and Mauborgne started from an observation: leaders have a conception of strategy based on two more or less implicit assumptions that nevertheless guide and limit their actions in a powerful way. On the one hand, they consider that the boundaries of their market(s) are given and that it is not possible to change them. On the other hand, in this constrained environment, the company has only two options: it follows the logic of either cost or differentiation. However, for the authors, these assumptions, which are largely based on the Porterian approach (Porter 1985), are fallacious. In the long run, companies can only exhaust themselves if they only seek to differentiate themselves or reduce their costs. By playing on only one of these two types of logic, they cannot leave their red oceans. Initiating a real strategic change can only come from joint movements aimed at both differentiating oneself (and increasing the value perceived by the customer) and reducing costs. It is this strategic move (defined as "the set of managerial actions and decisions involved in making a major market-creating business offering", Kim and Mauborgne 2004, p. 10) that will give rise to "innovation-value" and thus a blue ocean (Aurégan *et al.* 2015). For a company, adopting a Blue Ocean strategy means shaping the industry to its advantage rather than suffering it. Table 1.1 presents the characteristics of the Red Ocean and Blue Ocean strategies.

Table 1.1 requires some explanation. On the one hand, the creation of a new strategic space is often associated with Schumpeter's concept of creative destruction: a new, more efficient technology replaces the old one and the actors who mastered it. However, the authors note that it is also possible to create a new market by disruption, as Christensen (1997) has shown. In this case, a less efficient technology initially replaces the old one.