



IDENTIFICATION OF POTENTIALS OF CULTURAL AND CREATIVE CITIES: THE CASE STUDY OF THE CITY OF VARAŽDIN

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Summary

*Modern society is based on intellectual capital, and creativity is the key to competitiveness, which is why cultural and creative industries are projected to grow rapidly in the future, and they are included in development strategies. Since regions, nations and cities have different models of representation and measurement of cultural and creative industries due to their own specifics, the aim of this paper is a comparison of mapping cultural and creative industries. Through an analysis of previous studies in the field of creative and cultural industries within cities, this paper identifies several different approaches to mapping the industry. This study also categorizes European countries based on the analysis of the latest edition of *The Cultural and Creative Cities Monitor* by the European Commission, and by the existence of clusters and support networks for cultural and creative entrepreneurs. As a baroque city, with a tradition of cultural and creative industries, the city of Varaždin, Croatia is selected for a deeper analysis of creative and cultural potential.*

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1. INTRODUCTION

One of the main priorities of the Europe 2020 strategy is smart specialization and identification of unique values on the national and regional level, as well as to focus school curricula on creativity, innovation, and entrepreneurship (European Commission, 2010). Cultural and creative industries (CCI) are a rapidly developing sector significant for the world economy because of job creation, generating revenues but mostly due to the usage of human knowledge, creativity and innovation (Knop and Olko, 2017). Mapping of cultural and creative industries is important for monitoring the development and potential by its subsectors, but also by countries, regions and cities. Cities are bearers of region and country's development, and the development of each city is, besides of regular economic indicators such as GDP and entrepreneurship, usually measured by the high quality of life and attractiveness to residents, visitors and investors. As Krstinić Nižić *et al.* (2019) note, creative and cultural industries can also have an important impact on the sustainable development. Cities are competing with each other to attract inhabitants and investors. Competition between cities is no longer based on natural resources, location or past reputation, but on flexibility, attractiveness and innovation. Innovation implies an implementation of a new idea, which is a result of creativity. Creativity is a precondition for effective changes which lead to the reach of full potential of cities (Landry and Bianchini, 1995). Therefore, they need to have good living conditions, a favourable business climate, ie entrepreneurial ecosystem, but also unique values which distinguish them from others. City branding is an important part of development strategies and an urban policy priority. Cities need to develop international status and form a positive, globally recognized city image (Ye and Björner, 2018). Cities need to have a developed network and cooperation between knowledge-intensive firms and institutions, such as universities, research centres, companies and citizens, which allows knowledge exchange (eg. see more on the role of networks in the knowledge exchange in Weidenfeld *et al.* 2021). In order to achieve continuous innovation, cooperation and regional connectivity, clusters play an important role, because they enable regional concentration of economic activities by sharing locations, value chains and regional specialization in related industries with an emphasis on loyal connections and knowledge transfer (Ketels, 2017).

2. LITERATURE REVIEW

2.1. Cultural and creative industries (CCI)

According to the European Commission, cultural and creative sectors are important for continued development of societies by generating economic wealth. They are creating new jobs based on knowledge, creativity and talent, while strengthening social cohesion. <the creative industries sector in Europe is growing 12% faster than the general average. The importance of this sector is evident from strategies, reports and support policies for the cultural and creative industries by UNESCO, OECD and European union²⁰. The European Union is supporting cultural and creative sectors through The Creative Europe programme and through several networks (clusters and hubs). According to Knop and Olko (2017), CCI create 8.2 million jobs in Europe, and music and performing art subsector is the biggest generator of employment. The most dynamically developing CCI sector are video games, with a 50% growth of revenues. In 2012, the sectors of creative industries generated 2.3% of the total GDP in Croatia (Rašić Bakarić et al., 2015).

Potts and Cunningham (2008) suggest four phases of the development of CCI: *The welfare model* assumes that the creative industries consume more resources than they produce, which results with a net negative impact on the economy. *The competition model* suggests that creative industries are having the same impact on economy as other sectors, so there is no need for different policies for CCI, since they are not contributing more to the increase of innovation or technological change. *The growth model* compares the creative industries as a growth 'driver' in the same way that agriculture was in the early 20th century, which is the reason why policies should be specialized for creative industries. *The innovation model* emphasizes the role of creative industries in the economy innovation system. Their value lies in the development and adoption of new knowledge, and the existing industry testifies ongoing regeneration of existing industries and the emergence of new industries. Cultural and creative industries depend on the connection between urbanization - regional diversity and localization - regional specialization (Lorenzen and Frederiksen, 2008).

²⁰ The Cultural and Creative Cities Monitor, European Commission, Joint Research Centre, 2019; Cities Culture Creativity - Leveraging culture and creativity for sustainable urban development and inclusive growth, UNESCO, 2021a; Mapping Strategy and CCI Classification, Interreg Central Europe, European Regional Development Fund, 2019; Economic and social impact of cultural and creative sectors, OECD, 2021.

2.2. Creative cities

Creativity is usually researched on an individual level of each person, but creativity is a broader concept applicable at the level of groups, regions, cities and nations, and the economy (Ahmad Mohammad, 2017). Creativity stands for experimentation, innovation and originality, a “modernist” concept which emphasises the new, progress and continual change (Landry and Bianchini, 1995). Although the Landry and Bianchini’s article (1995) was written almost thirty years ago, the predictions that the industries of the twenty first century will depend on the generation of knowledge through creativity and innovation as most valuable resources, was very much accurate. The recommendations for cities growth and competitiveness through the development of the cultural and creative industries is relevant and applicable to today’s needs and challenges of cities. Cities have always been changing due to economic or political reasons, but also because of changes in the lifestyle, habits and needs of inhabitants. Creative cities have a very well-developed network of creative individuals who cooperate with other significant ecosystem stakeholders with the goal of creation of a strong cultural and social infrastructure better place to live in. Cultural and creative industries are transforming cities through innovative, flexible and creative enterprises which are raising the economic and the symbolic value for inhabitants (O’Connor and Raffo, 2000). Creative and cultural industries play an important role in regional resilience and sustainable development, especially through tourism (Jelinčić, 2021). A creative city represents a city in which creativity is included in development strategy and is an important factor.

2.3. CCI clusters

Lorenzen and Frederiksen (2008) conclude that not all cities are equally important in terms of cultural and creative industries, ie global cities are well networked, they are continuously radically innovating, and highly developed clusters are located in such cities. Even in China with its promotion of nationalist and socialist values, creative clusters managed to emerge in Shanghai as informal entities due to China’s specific view on the cultural entrepreneurial activity as in collision with cultural policy (O’Connor and Gu, 2014). “Clusters are legal entities, geographical concentrations of interconnected companies, specialized suppliers, service providers, companies in related sectors and related institutions in scopes that compete with each other but also cooperate.” (MGOR, 2011). There are more than 3000 clusters in the European Union, which employ over 50 million people (European Expert Group on Clusters Recommendation Report 2020). Cluster networks play a significant role in accomplishing public policy priorities and local development through cooperation, peer learning, information sharing and alliances. Clusters are not sufficiently developed in Croatia, there is a lack of staff expertise and lack of cooperation between clusters and regional and local support institutions as noted

in Cluster development Strategy in the Republic of Croatia 2011 – 2020 (MGOR, 2011). However, actors from creative and cultural industries in Croatia can connect through an active cluster. The Croatian competitiveness cluster of creative and cultural industries (HKKKKI, 2022) has 93 members from the economy, public administration, research and civil society. The aim of HKKKKI is to promote, develop and improve the competitiveness and excellence of creative and cultural industries, through networking of the public, economic and scientific research sector. HKKKKI consists of 25 members of the private sector and business clusters, 24 members of the public sector, 32 professional organizations and associations and 11 members of the scientific-research sector. Although there is a cluster, there is no umbrella institution in Croatia that would systematically monitor the activity of the CCI sector (Jobst, 2020).

3. METHODOLOGY

There are three research questions which were examined in this paper:

- What are the differences and similarities of existing mapping approaches of creative and cultural industries in Europe?
- How are European cities positioned according to The Cultural and Creative Cities Monitor, the existence of clusters and whether they are members of a CCI network?
- How is the Varaždin positioned according to The Cultural and Creative Cities Monitor and what is the hidden potential of the city of Varaždin?

Secondary data from available databases regarding CCI in European countries and cities were collected. Collected data were analysed according to CCI mapping systematization, national strategies and research papers regarding CCI. European cities were also categorized based on the analysis of the latest edition of The Cultural and Creative Cities Monitor (2022) by the European Commission, and by the existence of clusters and support networks for cultural and creative entrepreneurs. Last part of the research is the analysis of the city of Varaždin according to The Cultural and Creative Cities Monitor and its creative and cultural potential.

4. RESULTS

4.1. Mapping the CCI

The mapping of an industry is important for monitoring the development and potential of an industry, based on its statistical data. Mapping reports of industries usually contain data of the classification of the sector and their subsectors, measurement models,

regulations and potentials. Such information can be a base for development strategies and policies, whose aim is the development of each subsector. This is especially important for the cultural and creative industry, because their potential is still not recognized and there is still a lack of regulation for some subsectors. By the Statistical classification of economic activities in the European Community (NACE Rev. 2), cultural and creative industries are grouped in section R – arts, entertainment and recreation. Cultural and creative industries include the following subsectors by the United Nations Conference on Trade and Development (UNCTAD): advertising, architecture, TV and radio, design and fashion, movies and videos, interactive media (games, web, mobile), museums, galleries and cultural heritage, music, visual arts (included handicrafts) and writing, publishing and press (Interreg Central, 2019). The Croatian NKD classification is slightly different, consisting of: museums, libraries and inheritance, art, music and performance, design, movie, photography, crafts (artistic and traditional crafts), architecture, computer programs, games and new media, electronic media, publishing, advertising and marketing communication (NKD, 2007). KEA European Affairs has distinguished cultural and creative industries based on their core activities: core culture consists of visual arts, performing arts and cultural heritage, cultural industries consist of films and videos, television and radio, videogames, music and publishing, creative industries consist of design, architecture and advertising, and creative driven sectors consist of manufacturers of computers, MP3, mobile telephony, etc. Creative and Cultural Industries can be classified by their business model, value chain, market structures and final products, which categorizes them in four groups: creative service providers, creative content producers, suppliers of creative experiences and manufacturers of original creative goods (Interreg Central, 2019). There are three types of product innovation derived from cultural industries: Variety, novelty, and radical innovation (Lorenzen and Frederiksen, 2008). Since the CCI's output is mostly intellectual capital, the World Intellectual Property Organization (WIPO) divides CCI in core copyright industries, interdependent copyright industries and partial copyright industries. Due to the differences in the CCI subsector classification, it is to be expected that the systematization and regulation of CCI sectors are not equal in all countries.

European countries were compared according to the national classification of occupations in the creative and cultural industry or according to the purposes of research in the studied scientific papers: Austria (BMW, 2016), Bulgaria (10) (Kazashka et al, 2017), Czech Republic (13) (Nétek et al, 2019), Germany (12) (British Council, 2010), Greece (11) (Avdikos, 2017), Italy (10) (Santovito, 2017), Montenegro (11) (Institut za preduzetništvo i ekonomski razvoj, 2019), Poland (12) (Wolniak and Jonek-Kowalska, 2022), Portugal (11) (Cruz & Teixeira, 2015), Serbia (9) (Mikic et al, 2020), United Kingdom (12) (Higgs et al., 2008) and Croatia (13) (Rašić Bakarić et al, 2015).

The main results are as follows:

- Examined countries have similar mapping systems which consist of approximately 11 or 12 CCI sectors.
- Besides regular CCI sectors, Czech Republic and Poland have included **Art Education** or Artistic Education at the first level of division.
- **Crafts** are one of the most important sectors of CCI which is why some examined countries have divided arts from crafts (UK: Art and Antiques; Crafts, Serbia: Visual Arts; Crafts, Croatia: Art; Craft). Several countries have not included crafts into their CCI mapping: Czech Republic, Greece, Italy, Austria, Bulgaria, and Germany.
- Montenegro stands out with its division of art and crafts: Visual arts; *Artistic and traditional crafts*. Since European countries and cities have unique tradition, such a division could be a good example and the basis for other countries and cities.
- Portugal is the only country that has included **R&D** in their CCI sector categorization.
- **Computer games**, which are one of the most growing sectors in the last few years, are included in the CCI mapping in Croatia, UK, Montenegro, Germany, Italy and Austria.
- Another interesting additional sector is **botanical gardens and zoos**, which are included in Austria and Germany's mapping system.

This categorization indicates the necessity of identification of cultural and creative sub sectors specific in countries and cities. Each country and city has its unique natural heritage, but also intangible assets such as habits, cuisine, clothes, traditional songs and dances, traditional crafts and associations. The development of mentioned subsectors should be encouraged by national and local government. While computer games, as a newer, rapidly growing subsector, are included in the mapping of CCI in some countries, podcasting and e-sports are also potential CCI subsector for whom a rapid growth is assumed.

4.2. Existence of clusters and support networks for cultural and creative entrepreneurs

Chapain and Sagot-Duvaurox (2018) recognize the need for a systematic presentation of current terminology related to creative and cultural clusters, given the perceived inequalities. This is supported by the fact that the clusters of cultural and creative industries are not always equally named, for example, synonyms for creative and cultural clusters are *cultural and creative quarters* and *cultural and creative districts*, indicating the regional role of clusters. The problem with different numerical data in databases regarding clusters is also observed in this paper. By searching the Cluster Mapping Tool updated by the European Observatory for Clusters and Industrial Change

(EOCIC), the database yielded 35 clusters in the Creative and Cultural Industries in Europe. The Croatian competitiveness cluster of creative and cultural industries is not shown in the results, but it is shown if the database is filtered by regions. There are 35 clusters in the Creative and Cultural Industries, according to the European Cluster Collaboration Platform (2022) filtered by industry. Other European countries (Germany, Austria, Slovenia, Croatia, etc.) have no CCI clusters according to the map. If the platform is filtered by country, there are 124 clusters in creative industries. This research identified cities according to whether they are included in The Cultural and Creative Cities Monitor (2019 edition), whether a CCI cluster operates within them or in a closely related region, and whether they are members of the UNESCO Creative Cities Network:

- Number of cities according to The Cultural and Creative Cities Monitor, 2019 Edition: 190
- Number of cities with clusters in CCI by The European Cluster Collaboration Platform: 81
- Number of cities according to The UNESCO Creative Cities Network (UCCN): 88.

After filling the database, the first condition that cities must have met, was the existence of an active CCI cluster, which operates within them or in a closely related region. The identified cities were then categorized based on whether they are included in The Cultural and Creative Cities Monitor, 2019 Edition, and whether they are members of the UNESCO Creative Cities Network.

The table below shows cities that have met at least two of the mentioned criteria, the existence of a cluster, a member of Monitor or Creative Cities Network.

Table 1. The categorization of cities with an operating CCI cluster, inclusion in The Cultural and Creative Cities Monitor, and membership in The UNESCO Creative Cities Network

Cities with CCI clusters	The Cultural and Creative Cities Monitor	Creative Cities Network
Austria: Linz, Innsbruck, Graz	Linz, Innsbruck, Graz	Graz
Belgium: Namur, Brussels	Namur, Brussels	Namur
Bulgaria: Sofia	Sofia	Sofia
Croatia: Zagreb	Zagreb	
Czech Republic: Prague, Brno		Prague, Brno
Denmark: Aarhus	Aarhus	
Estonia: Tallinn	Tallinn	Tallinn
Finland: Tampere, Helsinki	Tampere	Helsinki
France: Paris, Nantes, Lyon, Marseille, Toulouse	Paris, Nantes, Lyon, Marseille, Toulouse	Lyon

Cities with CCI clusters	The Cultural and Creative Cities Monitor	Creative Cities Network
Germany: Stuttgart, Berlin, Karlsruhe, Munich, Hamburg	Stuttgart, Berlin, Hamburg, Karlsruhe, Munich,	Berlin, Karlsruhe
Greece: Athens	Athens	
Hungary: Pécs	Pécs	
Italy: Matera, Bologna, Venice	Matera, Bologna, Venice	Bologna
Lithuania: Vilnius	Vilnius	Vilnius
Netherlands: 's-Hertogenbosch	's-Hertogenbosch	
Poland: Poznań, Gdańsk, Katowice, Kraków, Warsaw	Poznań, Gdańsk, Warsaw, Katowice, Kraków	Katowice, Kraków
Portugal: Porto	Porto	
Romania: Iasi, Timișoara, Bucharest, Cluj-Napoca	Iasi, Timișoara, Bucharest, Cluj-Napoca	Cluj-Napoca
Slovakia: Bratislava, Košice	Bratislava, Košice	Košice
Slovenia: Ljubljana	Ljubljana	Ljubljana
Spain: Valencia, Barcelona, Las Palmas, Seville, Zaragoza, Bilbao, Santiago, Madrid	Valencia, Barcelona, Las Palmas, Seville, Zaragoza, Bilbao, Santiago, Madrid	Barcelona, Bilbao
Sweden: Malmö	Malmö	

Source: authors categorization

Only 16 European cities have met all three conditions. These are: Graz, Namur, Sofia, Tallinn, Lyon, Bologna, Vilnius, Katowice, Kraków, Cluj-Napoca, Košice, Ljubljana, Barcelona and Bilbao.

4.3. Varaždin according to The Cultural and Creative Cities Monitor indicators

The Cultural and Creative Cities Monitor methodology categorizes European cities by 3 main Sub-Indexes, Cultural Vibrancy, Creative Economy and Enabling Environment, which are measured through 29 indicators. There are five Croatian cities included in The Cultural and Creative Cities Monitor: Osijek, Pula, Rijeka, Split and Zagreb. The city of Varaždin, is a Croatian middle-sized city with 43.782 inhabitants (DZS, 2022), located in the continental North-western region of Croatia. Being a baroque city, Varaždin has a tradition in culture and with a with a lively artistic and creative scene, there is a need for more thorough monitoring of business entities and their performance in the cultural and creative industries within the city. The data on The Cultural and Creative Cities Monitor indicators for Varaždin are only the first step in the detailed mapping of the CCI of Varaždin as a part of an ongoing project.

Cultural and Creative industries make 21,86% in the total number of legal entities in Varaždin. The distribution of legal entities in CCI industries in Varaždin according to sectors is as follows: Professional scientific and technical activities 42% and art, Entertainment and recreation 41%, and Information and communications with the smallest share (17%) but this sector employs the most people in the total number of employees in CCI (57,44%) (The Croatian Chamber of Economy, 2022).

Varaždin is not included in The Cultural and Creative Cities Monitor, firstly because of its size, since with less than 50.000 inhabitants Varaždin (44 thousand) is classified as a town, not a city. Because of Varaždin’s mentioned heritage, the aim was to assess whether Varaždin is a creative city according to monitor indicators. For this purpose, data related to the indicators of all 3 Sub-Indexes of the Monitor were collected, and compared to another Croatian city – Pula. Pula is, as mentioned, included in the Monitor, and it is very similar to Varaždin, not only in size (Pula is in the s/m category), but both Varaždin and Pula are located near big, important cities (Urbanistica, 2018). Varaždin is located next to Zagreb, and Pula next to Rijeka, which influences the results of Monitor indicators. More detailed information is available on request.

Table 2: Summary results of the comparison between Varaždin and Pula according to The Cultural and Creative Cities Monitor indicators

	VARAŽDIN	PULA
Cultural Vibrancy	Higher results for most indicators, better ratio of cultural assets and population	Tourist overnight stays - incomparable
Sights & landmarks Quality of life	Same number of museums (9), cinemas (2) and theatres (2), both winners in the Croatian best cities choice (Marjanović, 2020, 2021) which is held every year	
Creative Economy		Higher % of employees in arts, culture & entertainment and other creative sector (11%)
Employment in CCI	Varaždin and Pula have almost the same ratio of employees in media & communication in relation to the total population (11.9%)	
Enabling Environment	Higher share of foreign population (2,23%) than in Pula (1.41%), University of Zagreb included in rankings, more available flights	
Foreign inhabitants University rankings		

Mobility	Both regions have a lower European Quality of Government Index than the EU average
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Source: authors categorization

4.3.1. Cultural Vibrancy

Indicators that describe cultural vibrancy refer to the attractiveness of the location, the number of sights and landmarks, museums, cinemas, tourist overnight stays and visits to cultural facilities. According to most indicators, Varaždin has a higher result, except for Tourist overnight stays, which is logical given that Pula is located on the sea, which, along with cultural facilities, makes it a very attractive Istrian tourist location. Although Varaždin and Pula have the same number of museums (9), cinemas (2) and theatres (2), Varaždin has a better ratio of cultural assets to population. According to the Cultural Gems (2022), Varaždin has 41 cultural gems and Pula 55, but a web search for landmarks and sights yielded the following results: Sights & landmarks - Varaždin 71, Pula 55. Quality of life has also been estimated within the sub-index Cultural Vibrancy. ; According to the choice of Jutarnji list, web portal Gradonačelnik.hr and the Ipsos agency, in 2021 Varaždin was the best big city (according to Croatian standards for city sizes) to live in, and Varaždin was second and Pula third in the category of economic performance (Marjanović, 2021). Pula was the winner in the same choice in the economy category in 2019 (Marjanović 2020), and both cities are regular finalist of this competition in all the years. Brajša-Žganec and Kozina (2017) examined life satisfaction of the population of Varaždin in 2017, and the results show that inhabitants of Varaždin have a higher life satisfaction in Varaždin, than the average of Croatia, and the average of European union.

4.3.2. Creative Economy

The indicators contained in the Creative Economy category include the shares of the population employed in the cultural and creative industries. Varaždin and Pula have almost the same ratio of employees in media & communication in relation to the total population (11.9%), while Varaždin has a lower percentage of employees in arts, culture & entertainment and other creative sectors. ICT patent applications are at a very low rate for both cities, and there is a lack of information for community design applications, for both cities.

4.3.3. Enabling Environment

The indicators contained in the Enabling Environment category relate to openness to foreigners, mobility and connectivity, and indicators related to available studies and graduates of specific fields (CCI) and university quality. Although the share

of the foreign population in Croatia is low, Pula was in 2018 the city to which most of the foreigners immigrated to. The share of the foreign population in Pula is 1.41%, and 4.31% of the population have dual citizenship, while in Varaždin the percentage of foreign citizens is equal to 2.23%. There are two universities in Varaždin, University North and University of Zagreb. University North is not on any world rankings of universities (QS, Shanghai, Leiden, Times). Although the University of Zagreb is located in Zagreb, two faculties are decentralized and located in Varaždin, the Faculty of Organization and Informatics and the Faculty of Geotechnical Engineering. The University of Zagreb is ranked by all mentioned lists. According to the QS rank, in 2022 the University of Zagreb is in the 751-800 category, while according to the Shanghai list it has fallen behind, because in 2020 it was positioned in the 401-500 category, and in the year of 2021, the University of Zagreb ranked between 601-700. Juraj Dobrila University of Pula is not on any world list of university rankings (QS, Shanghai, Leiden, Times). Regarding mobility indicators, the residents of Varaždin have a higher average number of accessible passenger flights per day, within 1h 30min of travel by road. The European Quality of Government Index is lower than the EU average which is 0, for both of Croatia NUTS 2 regions. Pula is in the *Jadranska Hrvatska* (Adriatic Croatia) NUTS region, with the value -0.82, and Varaždin is in the *Kontinentalna Hrvatska* (Continental Croatia) NUTS region with the value -1.29 (Charron et al., 2021). Results indicate that since Pula and Varaždin have similar results for several Cultural and Creative Cities Monitor indicators, if Varaždin had over 50.000 inhabitants, it would be positioned close to Pula in The Cultural and Creative Cities Monitor.

5. DISCUSSION

In this chapter we discuss threats and potentials of cultural and creative cities with the reference to our case study of CCIs in Varaždin. By examining cultural and creative industries in Southeastern Europe (SEE), Primorac (2014) emphasized the need of locally-founded policies, due to obstacles for creative entrepreneurs regarding information and communication (ICT) infrastructure, education and work and employment insecurity. The conditions that promote the development of creative cities are social climate and creative atmosphere, historical and cultural heritage, labour market and creative infrastructure (Novotny, 2015). As mentioned, skills of job seekers and labour market needs are not aligned. It is necessary to reform the school curriculum and to promote creative occupations, as well as to adapt the regulations and support programs to new occupations. In the research of entrepreneurs in Northwestern Croatia, respondents emphasize the importance of local government support in the form of space. Creative

infrastructure implies urban centres as centres of creativity through transformation of public buildings for the needs of creative activities. Shared places allow artists to create innovative products and share knowledge in a protected area (Vuković et al., 2021).

Another great possibility for CCI entrepreneurs are hubs or co-working spaces that ensure space, networking and business consulting. According to The European Creative Hubs Network (2022), there are 6 creative hubs in Croatia. Varaždin tries to promote infrastructure in which CCI could flourish with its Centre for creative industries project (ABCitiES, 2022) as a successor of former Centre for Creative industries within the Technology Park Varaždin but due to lack of space the creatives had to find another way to find their place. As we have seen in theoretical foundation, cities are the bearers of the economic and overall development (Knop and Olko, 2017) and CCI contribute to targeted sustainability (Krstinić Nižić et al., 2019) which in Varaždin's case reflects in good economic performance and an image of a desirable destination for living (regarding to Ye and Björner, 2018). For Varaždin phase of development of CCI (Potts and Cunningham, 2008) we note that it has obviously reached third phase where CCI serve as a growth driver, particularly in ICT based CCIs. But it is also on a path towards the fourth phase to become an innovation model with impact on local innovation ecosystem based on digitalization in traditional cultural sectors. This is also visible in cultural tourism sector which builds new foundations to become sustainable (as shown in Jelinčić, 2021).

Due to its nature of being strongly connected with their users some CCI subsectors were severely hit by the pandemic of COVID-19. This was especially true for the *Performance and celebration* and *Cultural and natural heritage* who experienced extreme disruptions. Such sectors had to find a way to survive within restrictions so many of the subjects digitalized their content, which probably wouldn't have happened (so soon) if there were no restrictions for social contact. Even though digitalization can be a threat, it is a big potential for CCI. CCI industries were extremely affected by the COVID-19 pandemic, but this resulted in the training of creative employees for new technologies and business improvement (Jobst, 2020). Although 90% of museums were temporarily closed at the peak of the pandemic, 26% of museums in Europe were able to provide digital content through virtual tour podcasts and digital exhibitions (UNESCO, 2021b). Theatres, opera houses and concert halls were live streaming concerts, and some artist had digital craft exhibitions.

Although employees in CCI are sometimes lacking management and digitalization skills, the new circumstances of the pandemics forced them to innovate and digitalize their business which can be the beginning of further development by erasing borders and accessibility to a wider audience. As this study results have shown, there is a need for the identification of CCI sub sectors specific for countries and cities. Due to incomplete or outdated regulations which do not include new occupations and subsectors

(gamers, podcasters, e-sports), inconsistent data for clusters, and the lack of a specific sectoral approach for creative industries regarding the financial support for entrepreneurs (Knop & Olko, 2017), it is very hard to create and maintain statistical monitor of CCI. As a consequence, CCI is not getting the support they should regarding financial resources. Jobst (2020) highlights the problem of the lack of analysis of the creative workforce in Croatia. The Ministry of Culture and Media of Croatia has published a call in 2022 for entrepreneurs in the cultural and creative industries. The Croatian National Recovery and Resilience Plan: Transformation and strengthening of the competitiveness of cultural and creative industries, aims to mitigate the negative impact of the coronavirus pandemic on the CCI. One of the potentials for CCI in the future are NFTs (Non-fungible tokens)²¹. NFTs convert physical assets to digital and by removing intermediaries, they make unique pieces of art available to a wider audience, not just individuals. More users or customers can buy a part of a work of art or collectibles and enjoy it at the same time in digital form through NFT. Current areas of application are in art, collectors, music industry, event industry and sports industry. The increase in NFT usage and profits has been visible especially since the beginning of the pandemic. The City of Varaždin recognized that creative industries combine business, culture and creativity, which is why local artists, performers and creative entrepreneurs can participate in the city's biggest international festival, Špancirfest (Špancirfest.hr, n.d.). Since 2015, there are special streets and parks in the city reserved for local creative entrepreneurs. Varaždin is famous for its traditional crafts, intangible heritage and cultural and artistic societies (traditional clothes, dances, meals, etc.), and as a city with well-developed IT industry, it could achieve its potential, especially with the newly signed agreement for a new Center for Creative Industries in Varaždin.

6. LIMITATIONS AND IMPLICATIONS

Since data regarding cultural and creative industry were limited for some countries, cities and indicators, further research could examine each country's CCI potential and identify creative cities. A possible direction in further research may be comparison of countries and creative cities according to the structure of business entities and employment within CCI, the economic contribution and CCI funding. Clusters and their contribution to the development of creative cities should be further examined. Some Monitor indicators for Varaždin were not calculated due to the lack of data, but this

²¹ NFTs are cryptographic assets on a blockchain with unique identification codes and metadata that distinguish them from each other (Forbes, 2022).

research is only the first step in the detailed mapping of the CCI of Varaždin as a part of an ongoing project (Dretar, 2022).

7. CONCLUSION

Landry and Bianchini's (1995) predictions, that the industries of the twenty-first century will depend on the generation of knowledge through creativity and innovation as the most valuable resources, have become real and meaningful for today's world economy. Cultural and creative industries have the potential to transform cities through innovative, flexible and creative enterprises which are raising the value of living in such an environment for inhabitants, especially the economic and the symbolic value. Development strategies, government policies and funding programs should encourage creative cities, i.e. entrepreneurs in the CCI, with practical support in developing networks in the entrepreneurial ecosystem on local, regional, national and international level. Creativity of cities is the basis for added value that today's cities must offer to their residents and investors, which will build a unique, recognizable brand and an image of the city.

This paper identified different approaches to CCI mapping, which are the result of adapting to different needs of countries and cities, but also point out to the problem of non-existing regulations for certain sectors, sub-sectors or occupations within the CCI. This points out the need to carefully map Croatian CCI as an answer to our first research question to grasp all the nuances and particularities to offer better support measures. New occupations that are already in high demand are not yet defined by law in some countries (for example gamers and podcasters). Market needs are not coordinated with school curricula and student preferences. Entrepreneurs in crafts and performance and visual arts sector need to recover from the Covid-19 pandemics, but this is especially difficult if they do not have the necessary information and knowledge related to business management, financing and other areas related to business growth. Social capital used through networks, clusters and regional hubs could assure better accumulation and sharing of knowledge. European Cultural and Creative Cities who entered the monitor are very often country capitals, and western countries usually perform better than the central and eastern European countries. But many of the analysed cities are members of wider networks and offer support for their cultural and creative entrepreneurs. Therefore, the analysis answers our second research question with emphasis on the importance of networking and connections with other culturally vibrant and economically active cities, which also means that our cities could strengthen already existing connections with their "cities-friends".

Our third research question positions Varaždin close to Pula, who performed really well on its first entrance into the monitor list. Putting Varaždin into the list of Cultural and Creative Cities (if possible due to its size) and making hidden gems in the city and its surroundings more visible, could further attract new inhabitants who seek for pleasant and resourceful places to live with all the benefits of the modern economy and offering of contemporary goods and services.

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IDENTIFIKACIJA POTENCIJALA KULTURNIH I KREATIVNIH GRADOVA: STUDIJA SLUČAJA GRADA VARAŽDINA

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Sažetak

Suvremeno društvo temelji se na intelektualnom kapitalu, a kreativnost je ključna za konkurentnost, zbog čega se kulturnoj i kreativnoj industriji u budućnosti predviđa brzi rast i uključuje ih se u razvojne strategije. Budući da regije, narodi i gradovi imaju različite modele reprezentacije i mjerenja kulturne i kreativne industrije zbog vlastitih specifičnosti, cilj ovog rada je usporedba mapiranja kulturnih i kreativnih industrija. Analizom prethodnih studija u području kreativne i kulturne industrije unutar gradova, ovaj rad identificira nekoliko različitih pristupa mapiranju industrije. Ova studija također kategorizira europske zemlje na temelju analize najnovijeg izdanja Monitora kulturnih i kreativnih gradova Europske komisije i na osnovi uključenosti u klastere i mreže za podršku poduzetnicima u kulturnim i kreativnim industrijama. Kao barokni grad s tradicijom kulturne i kreativne industrije grad Varaždin iz Hrvatske odabran je za dublju analizu kreativnog i kulturnog potencijala.

Ključne riječi: kulturni i kreativni gradovi; KKI; intelektualni kapital; klaster; monitor kulturnih i kreativnih gradova; Varaždin.