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# Creative Industries in Israel


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## Table of Contents

**Tables:**



**Charts:**

## Executive Summary

- The total gross added value of the creative industries stands at about NIS 21 billion, taking a share of approximately 4% of the GDP. About 46% of the gross added value originate from the architecture and engineering service sector, approximately 17% from advertising and market research, some 12% from the communication and information sector and about 11% from the professional, scientific and technical service sector.

- From 2012 to 2015, export from the creative industries was on the rise, constituting some 1.32% from the overall national export, compared with approximately 1.14% in 2012.

- As of 2013, the number of women employed in the creative industries professions was about 36 thousand, which amounts to approximately 63% more than the number of men employed in these professions - about 22 thousand.

- As of 2013, the number of wage earners in the sectors of the creative industries was approximately 96 thousand (an increase of 1.2% compared with 2013). Wage earners in the creative industries constitute approximately 69% of the total number of persons employed in these sectors and about 27% of the total number of persons employed in the economy. This attribute is expressed also in the results of a graduate survey conducted this year, where approximately 54% responded that they are employed as wage earners and another 14% combine work wages with self-employment.

- According to results of a survey made among graduates of the creative industries, most of them (around 65%) are employed in small to medium sized organizations, out of whom some 23% are employed in medium sized organizations (of 20 to 99 employees), about 21% in small scale organizations (consisting of 5 to 19 employees) and about 10% are self-employed who themselves do not employ others.

- About 91% of graduates of the creative industries hold a BA degree, whereas only some 6% hold a MA degree and approximately 3% do not have any academic degree. Of the BA graduates some 57% are women and 43% are men. The division between men and women among the MA graduates is similar with 65% to 35%, respectively.

- Approximately 58% of the creative industries graduates reported that they acquired practical experience during their studies within the various institutions, whereas 39% reported that they did not acquire any practical experience at all. The leading study departments in acquisition of practical experience are plastics engineering (76.9%), culture, creativity and production (73.2%), audio and screen arts (72.3%), jewelry design (72.0%), ceramic and glass design (72.0%) and photography (71.4%). On the other hand, the weakest departments in this respect are technological marketing (21.4%), goldsmith and fashion (25.0%), interior, structural and environmental design (40.0%), and architecture (45.7%). Of the graduates of the visual communication department, which constitute the largest share of the sample, only 58.9% responded that they had acquired practical experience, similar to the general average.

- Between 2012 and 2014 there was a 3% decline in the rate of students learning professions within the creative industries, where their number as of the 2014 academic year was 6,638.

- The creative industries graduates believe that in about twenty years' time the demand for print and art professions will decrease, while professions typified by use of technological tools such as interactive design, Internet and mobile, the digital field, media and new media, game development, animation, graphic design and advertising, will see a growth in demand.

- Approximately 58% of the graduates who participated in the survey responded that their post-study salaries were on a par with the average wage, while 24% responded that their wages were below average and only 19% reported that their wages were higher than the average wage for their profession. In addition, the more senior the graduates, the higher the proportion among them earned wages lower than the average wage for their profession.

- About 46% of the creative industries graduates claim that their BA studies did not prepare them for integration in the labor market, whereas some 54% feel that their Bachelor degree helped with their integration in the labor market.

- Most of the graduates, some 70%, do not feel that their studies gave their careers a relative advantage in the business /entrepreneuring world, whereas only about 10% agree that their studies gave them a relative edge.

- Around 70% of the creative industries graduates work in their professions where 55% of those are women and 45% are men. On the other hand, about 27% of the creative industries graduates are not employed in their professions with 65% of those being women and 35% men.

- The recommendations for formulation of a policy of reinforcing the creative industries include: definition and acknowledgement of the creative industries as a separate sector, establishment and ongoing updating of a database concerning the creative industries in Israel, strengthening international partnerships, increasing government investment in creative industries, creation of a regulatory framework adapted to the creative industries and strengthening access to markets and financing.

## Introduction

Creative Industries in Israel and worldwide consist of a broad range of creative sectors, including industrial sectors such as advertising and marketing, broadcasting, the film industry, Internet and cellular content, music, publishing and computer and video games, and sectors of lesser industrial nature such as performing arts (theater, opera, concerts and dance), museums as well as library services. In addition, we could include the craft, fashion, and design industries within the creative industries. The creative industries are knowledge-based and labor intensive, generating employment and capital. By fostering creativity and encouraging innovation, societies hope to preserve their cultural diversity and enrich their economic performance.

Although the creative industries influence the labor market, there are also difficulties, hindering those individuals who would otherwise have been interested in entering these industries. These include lack of experience upon entering the labor market, insufficient knowledge in the field, competition in the various sectors, which makes it difficult to acquire customers and those who wish to be self-employed, experience difficulties setting up and managing their business since they feel they do not have the tools and knowledge necessary for this. Therefore, in order to succeed in these industries, creativity, innovation and possession of technological knowledge, self-learning and even a measure of enterprising spirit are required.

As of today, there is a lack of statistical data on the creative industries in Israel in the fields detailed above. Therefore the data in this document, which originated from official publications, are lacking to various extents. To overcome this obstacle, for the purposes of the research, a survey was conducted among graduates of the creative industries in conjunction with the Shenkar College in an effort to gain an in-depth understanding of the state of the creative industries in Israel from the graduates' perspective, and an understanding of the place creative industries holds in Israel's economy, and insights into the nature of those in them and their distribution into the various sub-sectors.

812 individuals took part in the survey with a different representation level for each profession, in the various questions and it is therefore impossible to individually refer

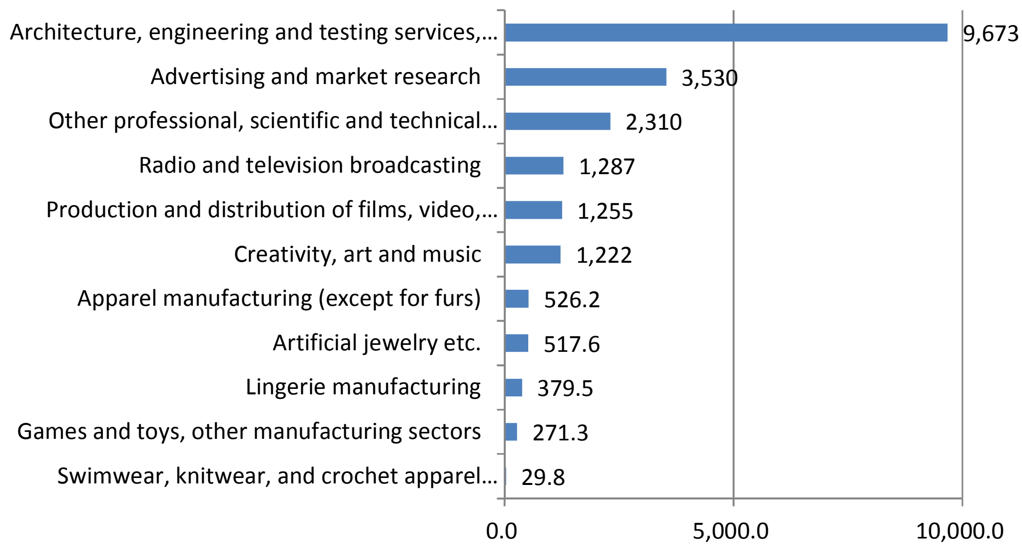
to each profession on every issue. Instead, after analyzing the survey results, it is possible to obtain a broader perspective, as to the common characteristics of all these professions within the creative industries, while integrating statistical and theoretical data from additional information sources.

# Chapter 1 - Creative Industries in the Labor Market

## 1. The Contribution of the Creative Industries to the Gross National Product

Due to the fact that the Central Bureau of Statistics (the CBS) does not publish specific data concerning creative industries, it is difficult to identify and focus on the relevant employment areas. However, the CBS data provide a broader data platform, which may at least serve as a basis for a deeper and further focused analysis of the creative industries.

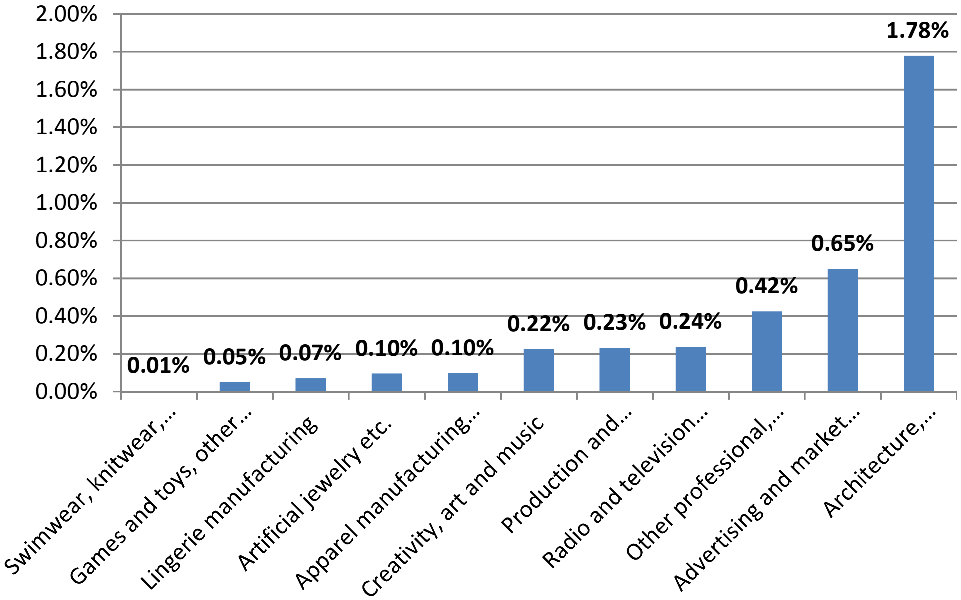
### Chart 1 – Gross added value (NIS million), 2012




Source: Central Bureau of Statistics

The total gross added value of the creative industries stands at about NIS 21 billion where the contribution to GDP is approximately 4%. About 46% of the gross added value originates from the architecture and engineering service sectors, around 17% from advertising and market research, approximately 12% from the communication and information sector and some 11% from the professional, scientific and technical service sector, which includes photography, graphics, fashion design, interior design and industrial design services.

Chart 2 – Contribution to GDP (Percentage of total gross added value), 2012

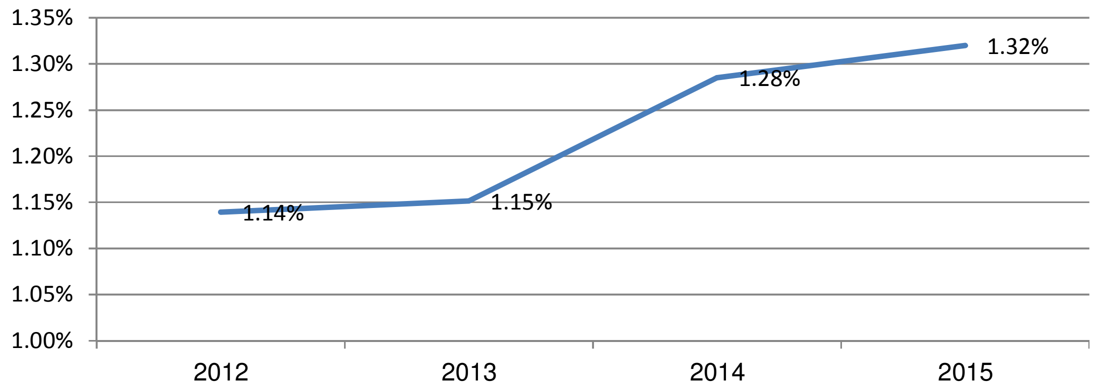



Source: Central Bureau of Statistics

## 2. Exports among the creative industries

Some of the creative industries are also integrated with the local market's exporting sectors. Chart 3 shows that between 2012 and 2015, exports from the creative industries was on the rise, where the exported share stemming from these industries out of the total export constituted approximately 1.32%, in comparison with about 1.14% in 2012. As of 2015, of all the creative industries, the high-end jewelry manufacturing industry and similar items amounted to a significant total share of the exports of $630.4 million, which is about 75% of the creative industries exports (1% of Israel's total exports) and the apparel and footwear industries, exporting an overall of $176 million make up 21% of the exports of the creative industries (0.03% of national total exports.)

### Chart 3 – Percentage of creative industries export, 2012-2015




Source: Central Bureau of Statistics

### Table 1 - Export by sector ($ million), 2012-2015

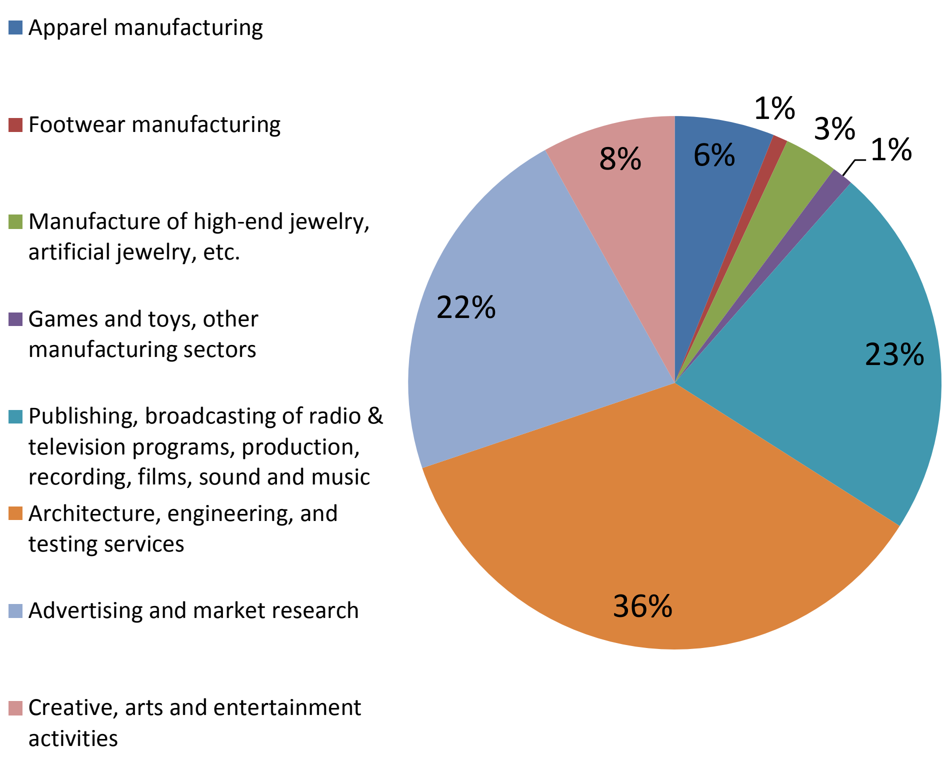
| | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|
| **Apparel manufacture (except for fur apparel)** | 70.5 | 55.1 | 69.1 | 72.8 |
| **Underwear manufacturing** | 47.9 | 58.9 | 61.5 | 38.1 |
| **Bathing suit manufacturing** | 1.0 | 1.5 | 0.3 | 0.6 |
| **Fur product manufacturing (including fur apparel)** | 0.5 | 0.0 | 0.0 | 0.0 |
| **Knitted and crochet apparel manufacturing** | 36.7 | 29.2 | 21.7 | 20.6 |
| **Footwear manufacturing** | 49.8 | 46.6 | 45.1 | 44.0 |
| **Manufacture of High-cost jewelry and similar items** | 459.0 | 524.4 | 637.3 | 630.4 |
| **Manufacture of artificial jewelry and similar items** | 0.7 | 0.7 | 0.1 | 0.4 |
| **Game and toy manufacturing** | 50.2 | 48.9 | 48.4 | 35.8 |
| **Film production, videos and television programs** | 0.0 | 0.0 | 0.0 | 0.0 |
| **Photography services** | 3.2 | 3.7 | 2.7 | 1.4 |
| **Total Exports - Creative Industries** | 719.5 | 769.0 | 886.2 | 844.1 |

Source: Central Bureau of Statistics

## 3. Creative Industries - Revenues

When examining the creative industries' revenues (chart 4), the 2012 revenues are estimated at about NIS 57,257 million, or about 4% of the total revenue of all of the market's sectors. Of all the creative industries sectors, the architecture and engineering services sector stands out with a revenue of NIS 20,498 million (about 36% of the total revenue of the creative industries). Two other branches with a high proportion of revenues are the production and broadcasting of films, television content, radio and music with a revenue of NIS 12,644 million (approximately 23% of the creative industries revenues) and the advertising and market research sector, with a revenue of NIS 12,644 million (about 22% of the creative industries revenues).

### Chart 4 – Creative Industries Revenues (NIS million), 2012



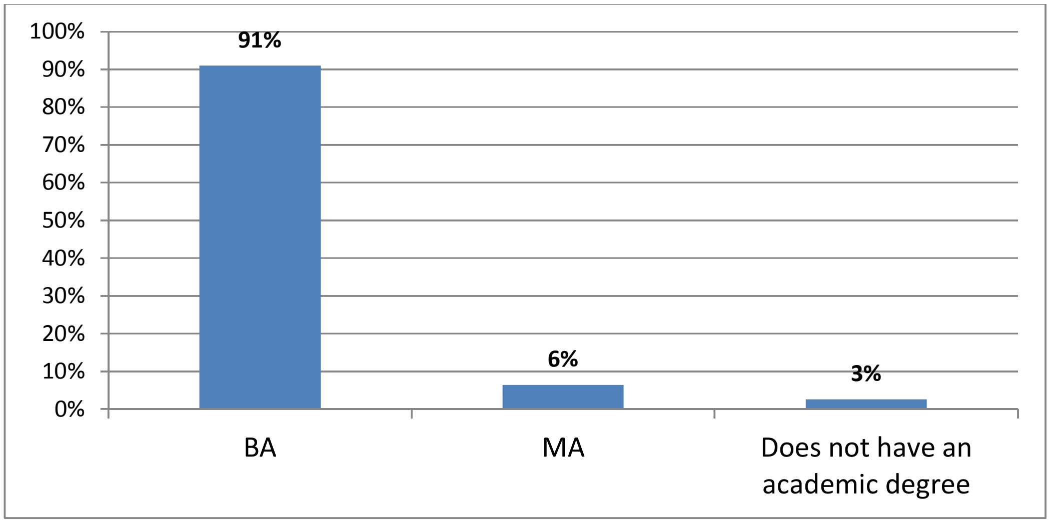

Source: Central Bureau of Statistics

## 4. Education and Training

To master a creative industries profession in Israel one can attend various academic institutions which offer Bachelor's and Master's degrees in these fields or, alternatively, study in extra-academic institutions or even become an auto-didact.

Based on results of a survey carried out among creative industries graduates, approximately 91% of the respondents are Bachelor's degree holders, whereas only about 6% have a MA and some 3% do not have an academic degree. Of the BA graduates about 57% are women and 43% are men. Correspondingly, among the MA graduates about 65% are women and 35% are men.

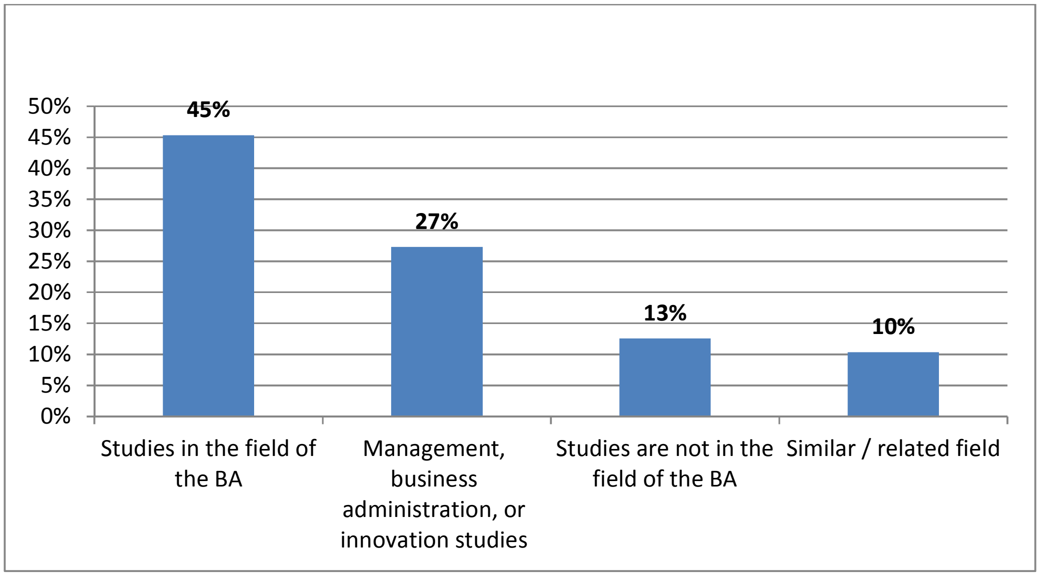
### Chart 5 – Creative Industry graduates education, 2016




Source: results of Creative Industries Graduates Survey

Approximately 75% of the BA graduates who took part in the survey responded that they did not seek a Master's degree, while only 23% said they did go on to obtain a Master's degree in Israel or abroad. Of those who went on to gain a Master's degree, some 45% followed the major of their BA, another 27% went on to obtain a Master's degree in Management or Innovation, about 13% went for a degree unrelated to their BA And another 10% continued towards another BA degree in areas related or similar to those they majored in their first BA degree.

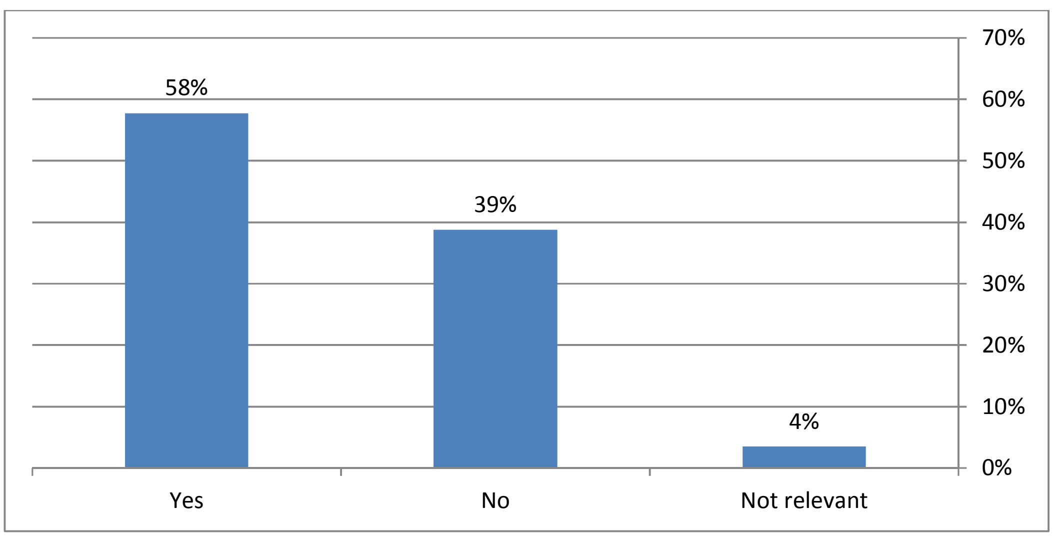
**Chart 6 – Further graduate studies in Israel or abroad relative to the undergraduate studies**




Source: results of Creative Industries Graduates Survey

About 58% of the responders reported that they acquired practical experience during their studies at the various institutions, whereas 39% reported that they did not acquire any practical experience at all.

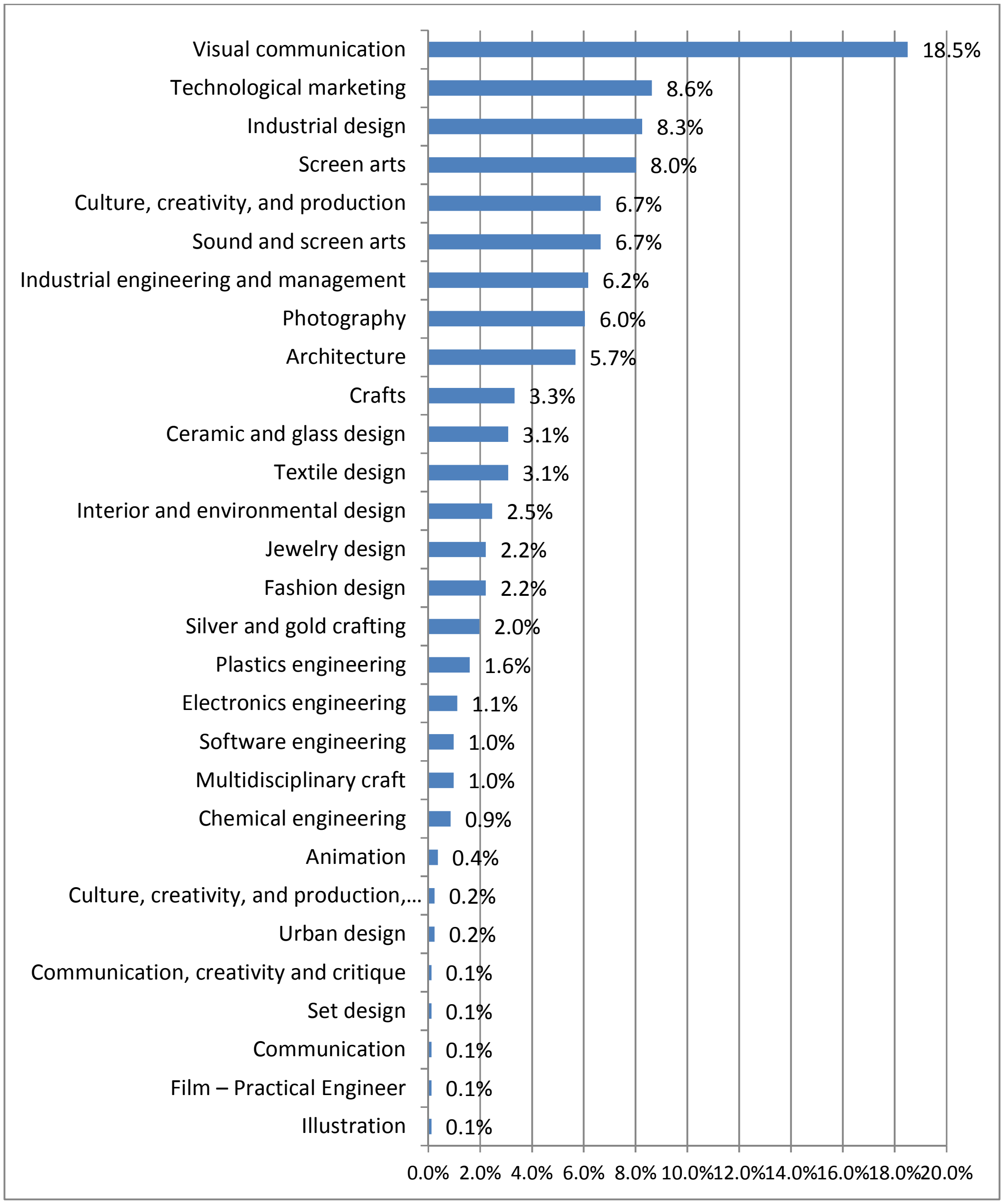
**Chart 7 – Acquisition of practical experience during the studies, 2016**




Source: results of Creative Industries Graduates Survey

According to segmentation of the fields of study among the various institutions which participated in the survey, most of the graduates are from the visual communications department (18.5%), technological marketing (8.6%), industrial design (8.3%), screen arts (8%) and culture, creativity and production (6.7%.)

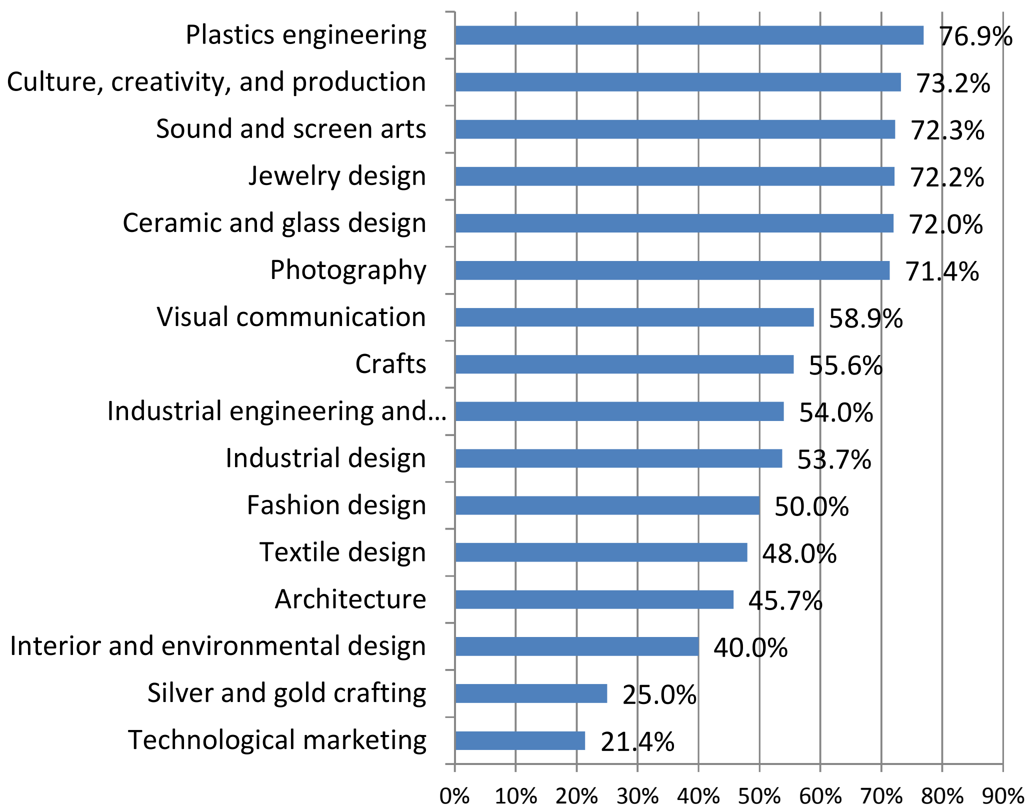
### Chart 8 – Graduate segmentation by study departments, 2016




Source: results of Creative Industries Graduates Survey

Graduates reporting that they have acquired practical experience during their studies, are headed by those coming from plastics engineering (76.9%), Culture, creativity and production (73.2%), Audio and screen arts (72.3%), Jewelry design (72.0%), ceramic and glass design (72.0%) and photography (71.4%). On the other hand, the weakest departments in this respect are technological marketing (21.4%), gold & silver crafting and fashion (25.0%), interior, structural and environmental design (40.0%), and architecture (45.7%). Of the graduates of the visual communication department, which makes up the largest part of the sample, only 58.9% responded that they had acquired practical experience, corresponding with the general average.

### Chart 9 – Acquisition of practical experience by study departments, 2016

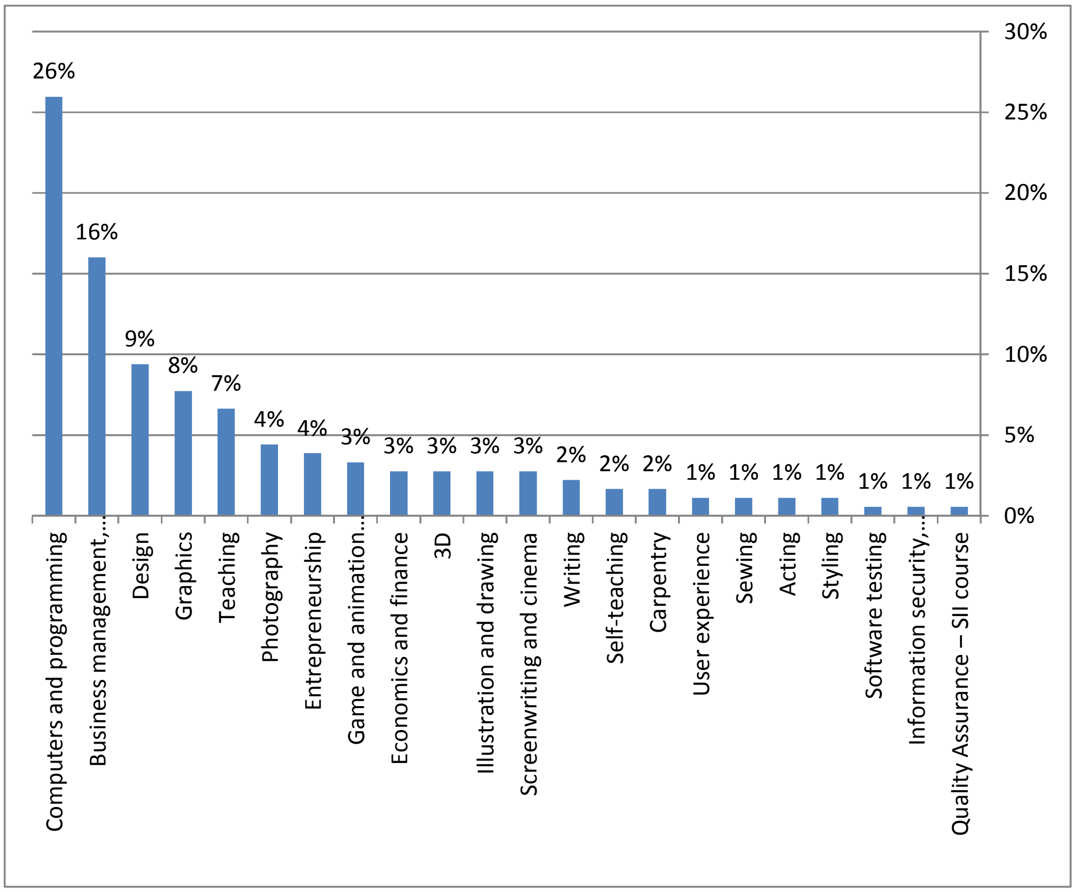



Note: in this analysis only the departments in which there were sufficient responders for obtaining statistical significance.

Source: results of Creative Industries Graduates Survey

Among creative industries graduates, approximately 30% reported that they took courses in extra-academic institutions in addition to their academic studies. This was done as part of their professional training. The main courses taken this way were in the fields of computers and programming (about 26%), business management, advertising and marketing (16%) and design (9%). Approximately 86% of responders mentioned the extra-academic course they took as beneficial to them.

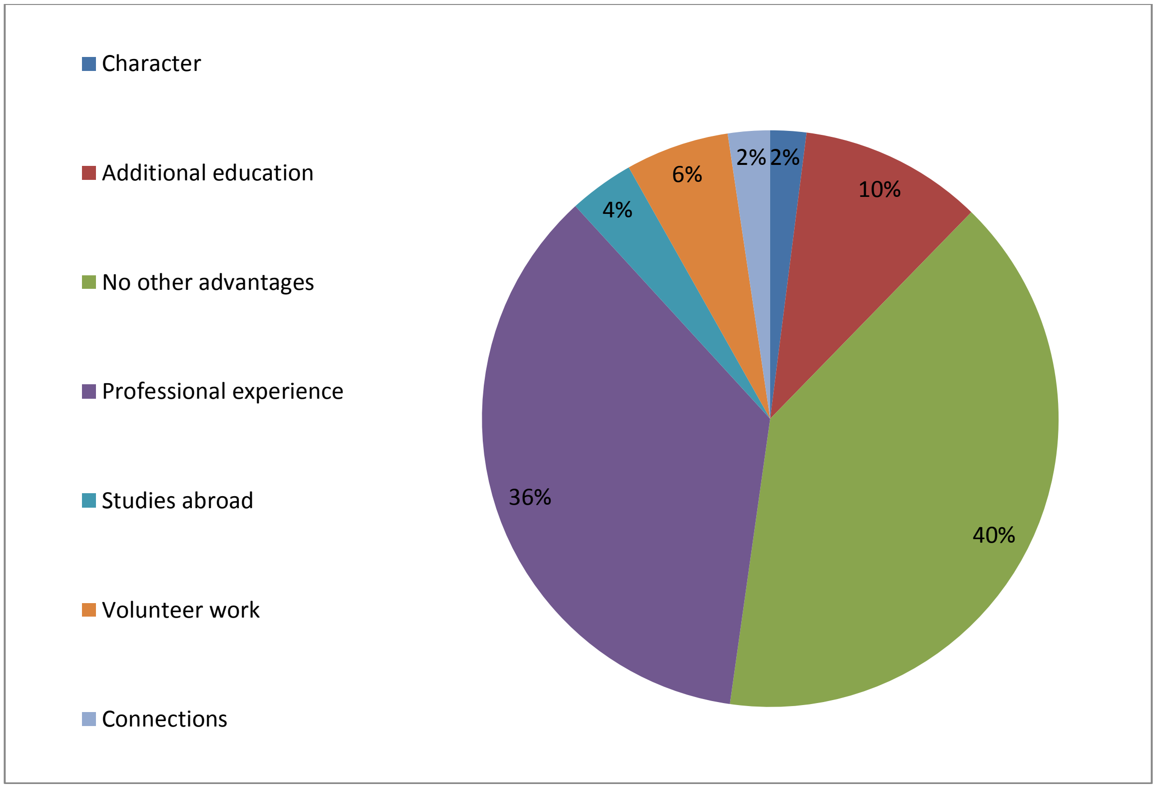
## Chart 10 – Extra-academic courses, 2016




Source: results of Creative Industries Graduates Survey

Most of the graduates, about 60%, believe they came out of their studies equipped with additional advantages that were helpful to them in finding their first job. Some 36% of the responders believe their occupational experience was for them an advantage in their job search and about 10% believe that additional education gave them an advantage. On the other hand, approximately 40% feel that completing their studies did not give them any additional advantages, helping them find employment in the field.

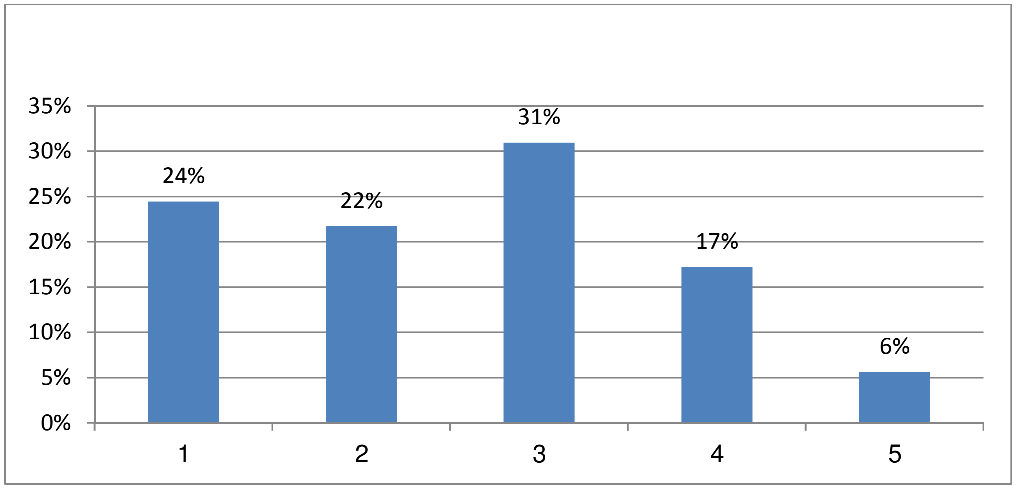
### Chart 11 – Other advantages in finding employment after graduation, 2016




Source: results of Creative Industries Graduates Survey

Approximately 46% believe that the BA studies did not prepare them for integration in the labor market, while about 54% feel their BA helped them fit into the market. Of those, some 10.5% strongly agree that the BA prepared them for this integration labor market.

### Chart 12 – The BA degree prepared for integration in the labor market, 2016

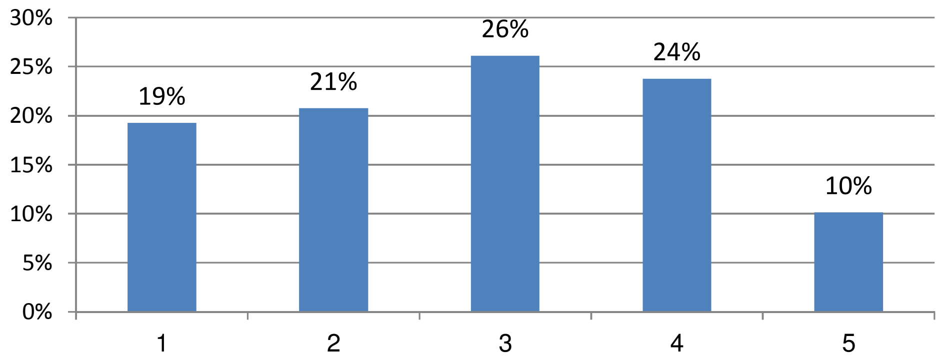



Note: 5 - strongly agree, 1 - strongly disagree

Source: results of Creative Industries Graduates Survey

Most of the graduates, around 60%, believe the studies gave them some kind of abilities to become leaders in their field, with about 17% strongly agreeing that their studies contributed toward turning them into leaders in their field. About 40% feel that the studies did not give them such abilities .

### Chart 13 – My studies were instrumental in enabling me to become a leader in my field, 2016

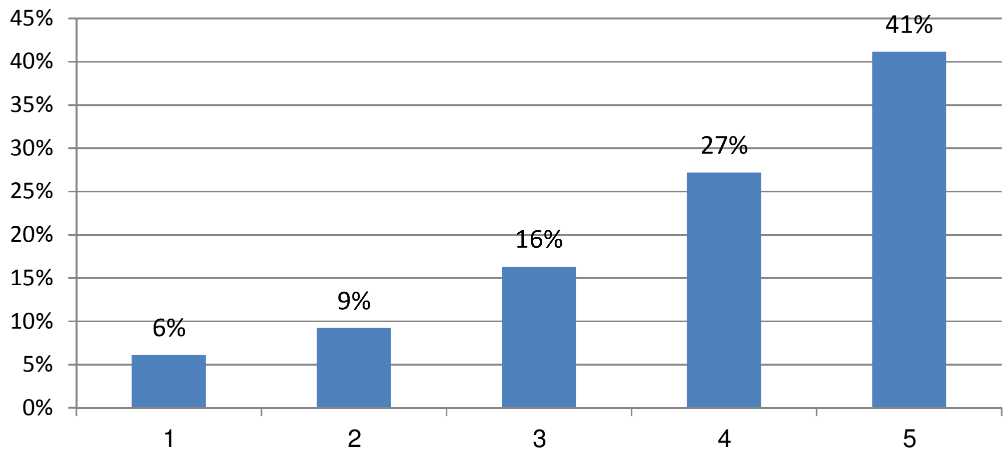



Note: 5 - strongly agree, 1 - strongly disagree

Source: results of Creative Industries Graduates Survey

It is apparent that most graduates, approximately 68%, agree that their studies stimulated their own creativity, whereas only about 15% do not share this feeling.

### Chart 14 – The studies stimulated creativity, 2016

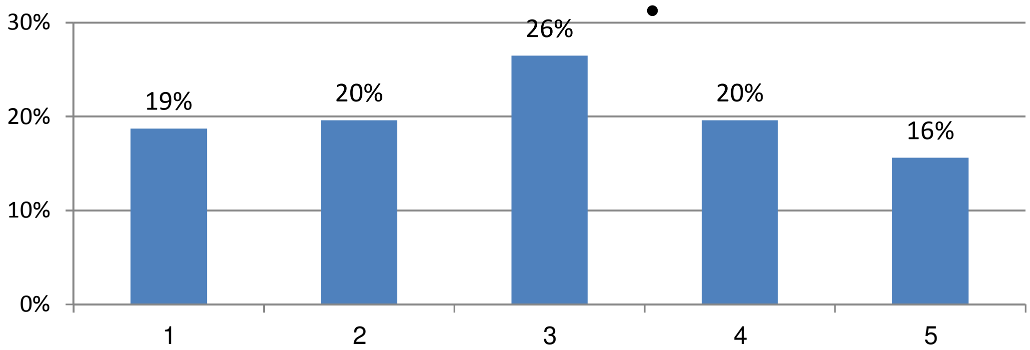



Note: 5 - strongly agree, 1 - strongly disagree

Source: results of Creative Industries Graduates Survey

It is noticeable that entrepreneurship is not a characteristic of most graduates. Only some 36% regard themselves to be entrepreneurs, about 26% partially agree with this statement and around 39% do not view themselves as entrepreneurs. This is also manifested in the fact that most of the graduates, about 70%, do not feel that their studies gave them a relative advantage to their career in the business /entrepreneurship world, whereas only about 10% agree that their studies gave them a relative edge.

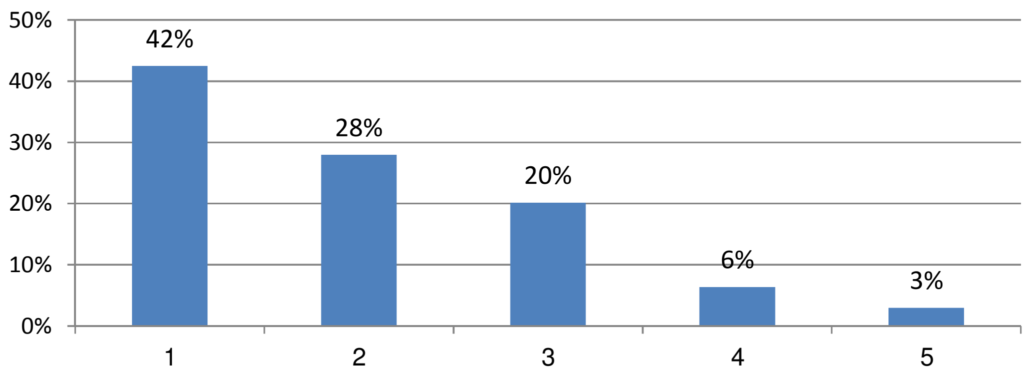
### Chart 15 – I consider myself to be an entrepreneur, 2016




Note: 5 - strongly agree, 1 - strongly disagree

Source: results of Creative Industries Graduates Survey

### Chart 16 – My studies gave me a relative advantage for operating in the business/enterprise world, 2016

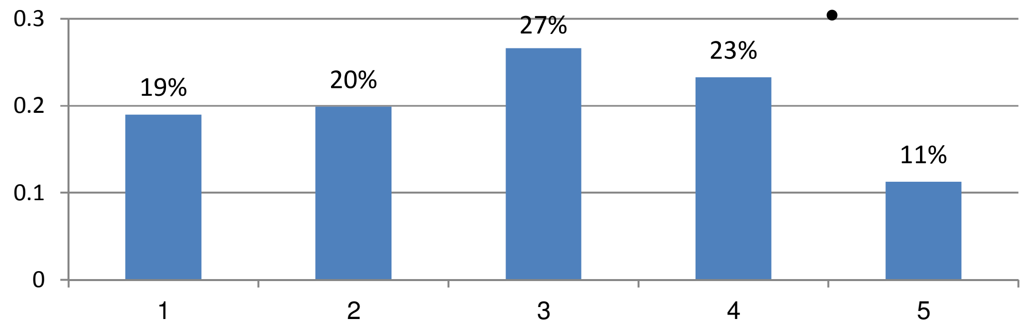



Note: 5 - strongly agree, 1 - strongly disagree

Source: results of Creative Industries Graduates Survey

Although most graduates feel their studies did not give them a relative advantage in the business/entrepreneurial world, they do feel their studies gave them a relative advantage in the labor market. Thus, about 36% agree with this statement and about 27% partially agree with it.

**Chart 17 – My studies gave me a relative advantage in the labor market, 2016**




Note: 5 - strongly agree, 1 - strongly disagree

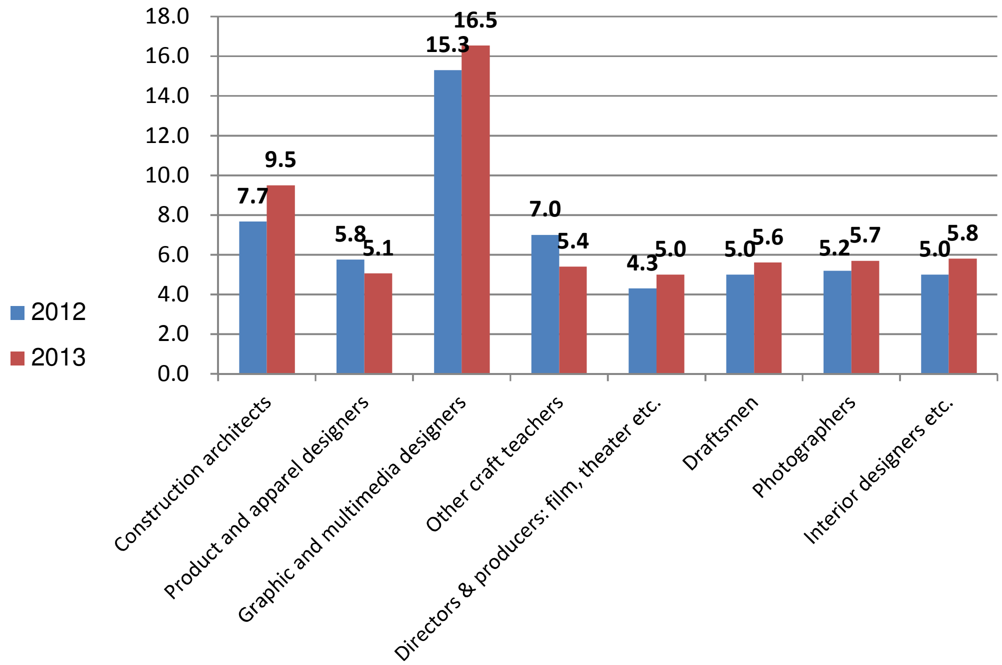
Source: results of Creative Industries Graduates Survey

## 5. Employment and Wages

According to classification into the varied occupations (chart 17), the number of those employed in the creative industries, as of 2013, was about 58.6 thousand employees, where the highest number is in the field of graphic and multimedia design with about 16.5 thousand employees, reflecting an 8% increase over 2012. Another noteworthy occupation is architecture with about 9.5 thousand employees, manifesting a 23% increase over 2012. In contrast, among product and apparel designers there has been a decline of approximately 12% in the number of employees, amounting to about 5.1 thousand. There has also been a decline in the number of arts teachers, which was about 5.4 thousand in 2013.

As of 2013, the number of women employed in the creative industries professions amounted to about 36 thousand, which is approximately 63% more than the number of men in these professions - some 22 thousand employees. Also, between 2012 and 2013 there has been a 6% increase in the number of employees, both among women and men (table 2.)

## Chart 18 – People employed by occupation (thousands) in creative industries, 2012-2013




Source: Central Bureau of Statistics

## Table 2 – Number of persons employed by gender and occupation (thousands) in creative industries, 2012-2013

| | 2012 | | 2013 | |
|---|---|---|---|---|
| | Women | Men | Women | Men |
| **Architects** | 3.6 | 4.1 | 5.1 | 4.4 |
| **Product designers and apparel designers** | 4.6 | 1.2 | 4.4 | 0.7 |
| **Graphic designers and multimedia designers** | 9.5 | 5.8 | 10.3 | 6.2 |
| **Other arts teachers** | 6.2 | 0.8 | 4.9 | 0.5 |
| **Film, theater, etc. directors and producers** | 1.9 | 2.4 | 2.3 | 2.7 |
| **Draftspersons** | 3.3 | 1.7 | 3.8 | 1.8 |
| **Photographers** | 1.4 | 3.9 | 1.2 | 4.5 |
| **Interior designers and similar designers** | 3.8 | 1.2 | 4.3 | 1.5 |
| **Total** | 34.2 | 21.1 | 36.3 | 22.3 |

Source: Central Bureau of Statistics

As of 2014, the number of salaried employees in the creative industries sectors stood at about 96 thousand (a 1.2% increase over 2013). Salaried employees in the creative industries amount to about 69% of the total number of persons employed in these sectors and about 3% of the overall number of employees in the economy. Of all the creative industries, the radio and television broadcasting sector has the highest proportion of salaried employees - 92% - amounting to some 6.4 thousand salaried employees, reflecting a 10% increase over 2013. The creative, art and entertainment sector has the lowest proportion of salaried employees - 32% or approximately 7.7 thousand salaried employees.

### Table 3 – Number of salaried employees (thousands) and their share of all employees in creative industries, 2012-2013

| | **2013** | | **2014** | |
|---|---|---|---|---|
| | Salaried employees | Percentage out of total people employed in the sector | Salaried employees | Percentage out of total people employed in the sector |
| **Textile & Apparel product manufacturing** | 11.6 | 74.4% | 11.0 | 79.9% |
| **Production & distribution of films, video, television & music** | 3.4 | 56.9% | 3.4 | 59.3% |
| **Radio and television program broadcasting** | 5.8 | 91.8% | 6.4 | 92.0% |
| **Architecture and engineering services and technical-engineering consulting services** | 37.2 | 71.7% | 34.7 | 70.2% |

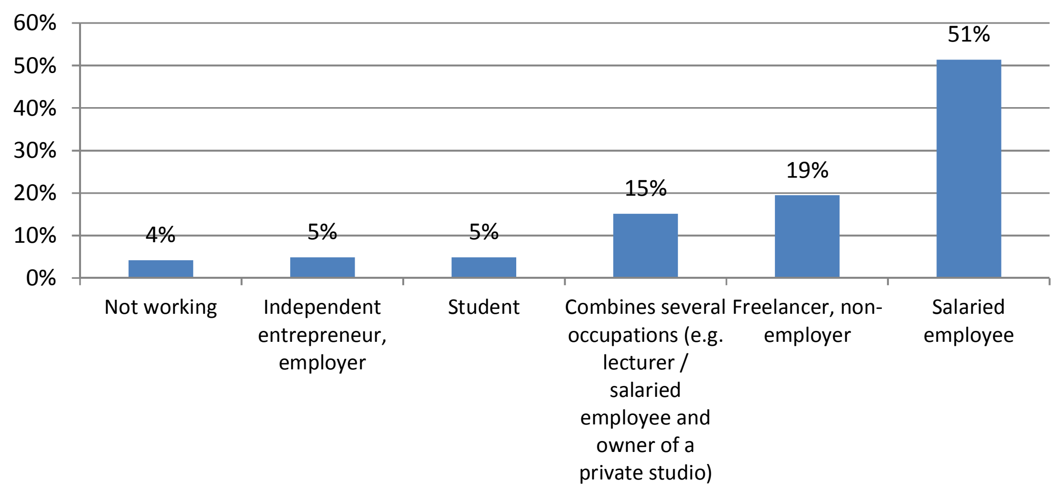
| | | | | |
|---|---|---|---|---|
| **Advertising and market research** | 10.5 | 82.4% | 12.8 | 80.3% |
| **Creativity, art and entertainment** | 8.7 | 36.1% | 7.7 | 31.9% |
| **Other sectors*** | 17.5 | 86.3% | 19.8 | 88.9% |

Source: Central Bureau of Statistics

* Including manufacture of jewelry, games and toys

According to the survey results among the creative industries graduates, most of these graduates, about 54%, responded that they are employed as salaried employees, while only 19% responded that they are entrepreneurs or self-employed who do not employ employees (freelance). Another 14% responded that they combine several occupations including both salaried and freelance work.

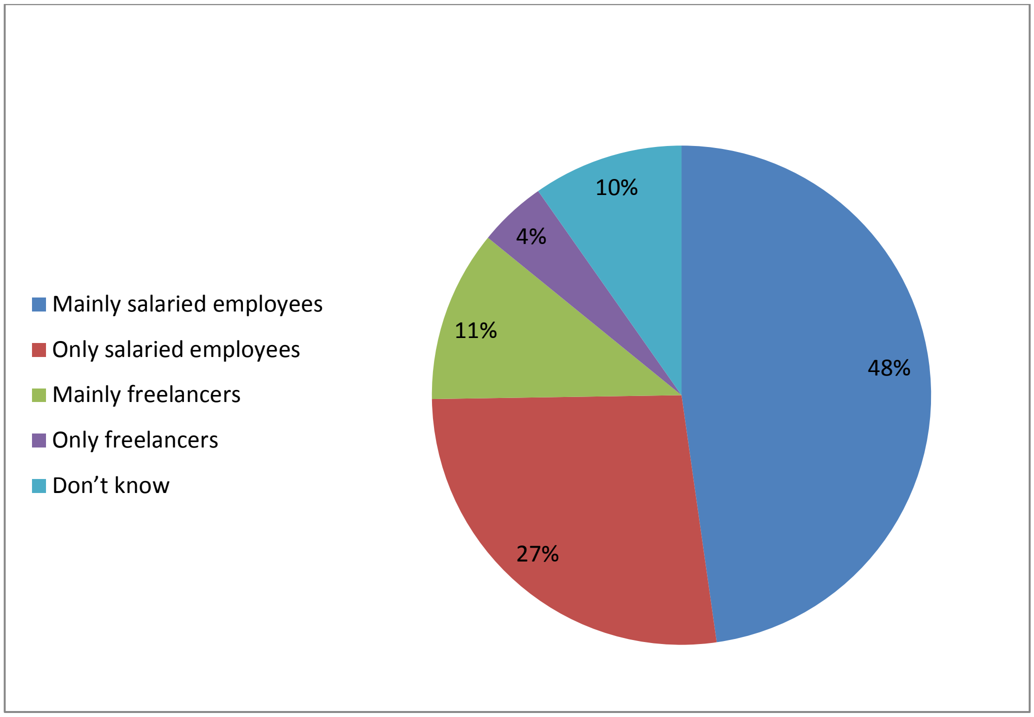
### Chart 19 – Employment status among creative industries graduates, 2016




Source: results of Creative Industries Graduates Survey

In addition, when looking at the distribution of those employed by the different employers of graduates of the creative industries, most graduates - some 48% - responded that their workplace employs mainly salaried employees, while about 27% reported that their workplace employs only salaried employees. About 15% reported that their workplace employs mainly or only freelancers.

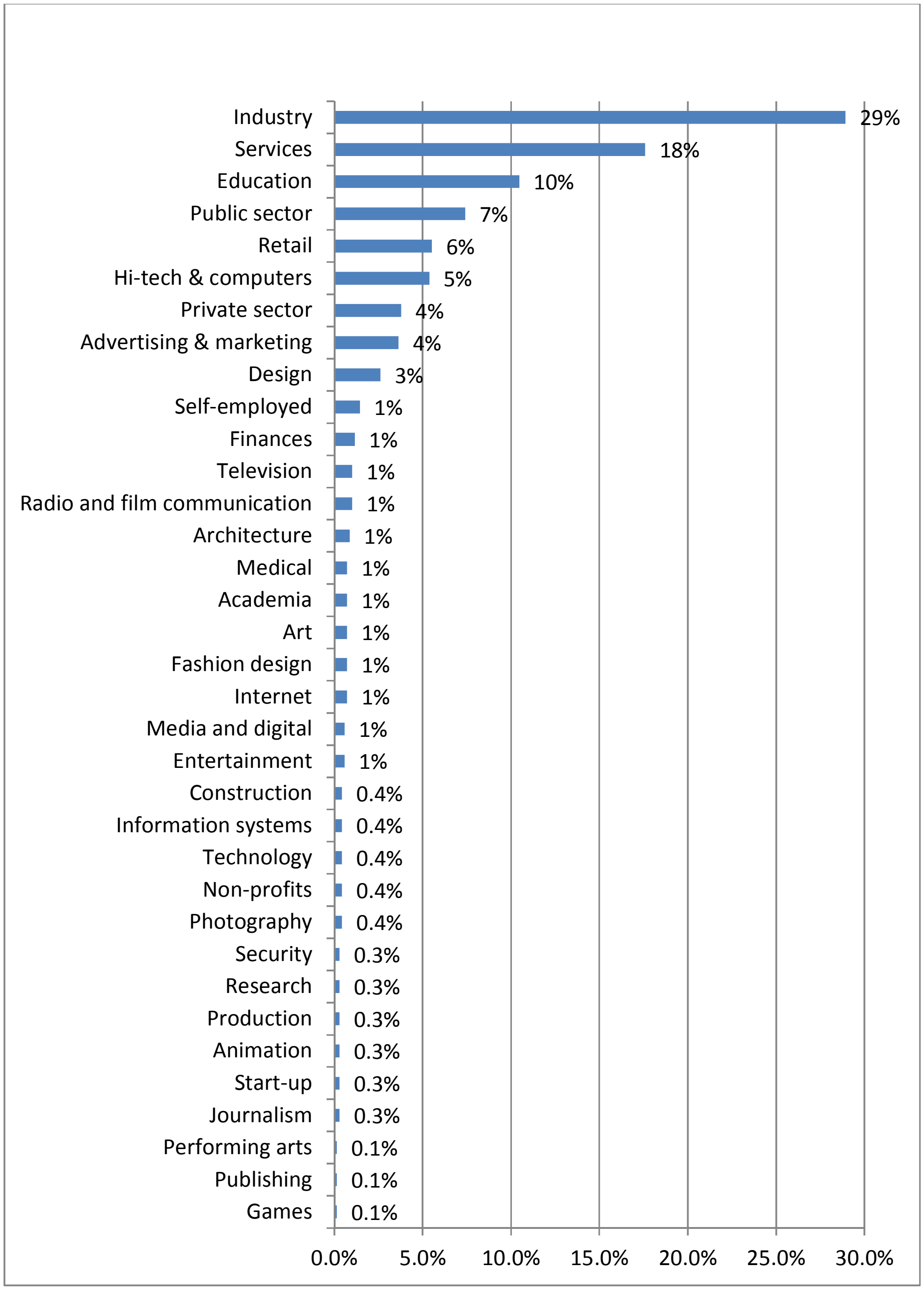
### Chart 20 – Distribution of employed persons at workplaces, by employment status, 2016




Source: results of Creative Industries Graduates Survey

When segmenting by the different sectors in which the creative industries graduates are employed, most are employed in the manufacturing industry (about 29%), services (approximately 18%), and education (about 10%.)

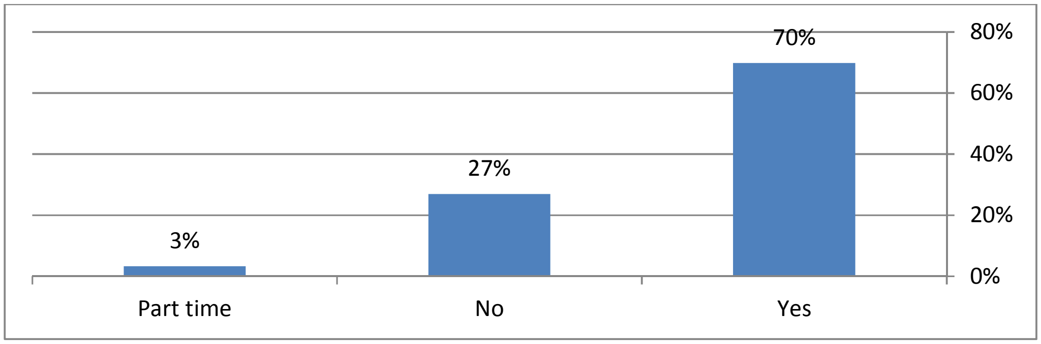
### Chart 21 – Employment by sector, 2016




Source: results of Creative Industries Graduates Survey

In addition, about 70% of the creative industries graduates are employed in their field of study, where 55% are women and 45% men.  On the other hand, some 27% of the creative industries graduates responded that they are not employed in their professions with 65% of those are women and 35% men.

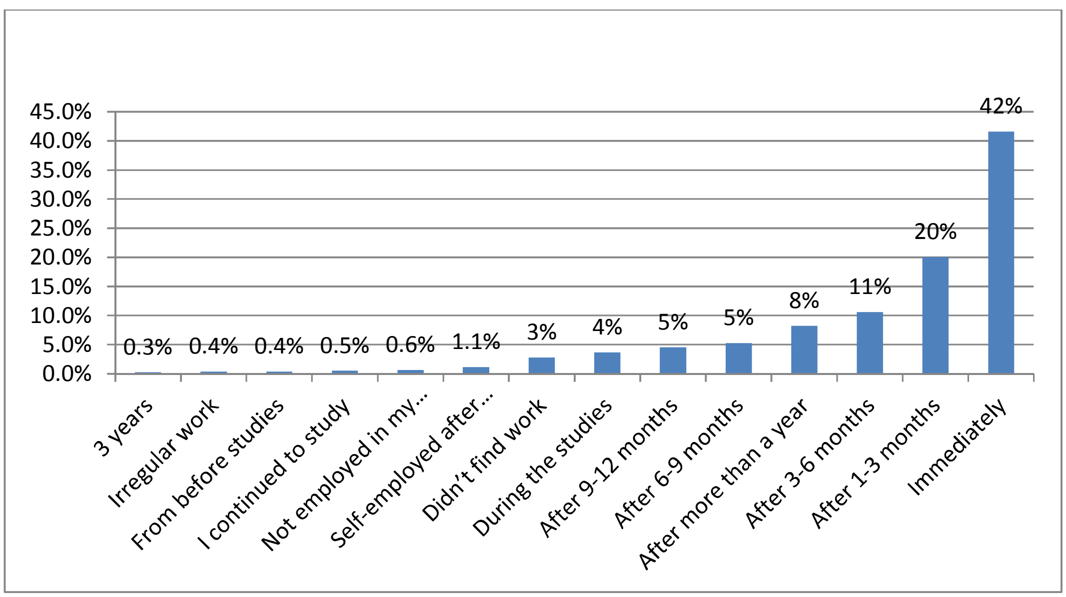
### Chart 22 – Employment in the field studied, 2016




Source: results of Creative Industries Graduates Survey

Most of the creative industries graduates, about 42% reported that they found work upon graduation, around 31% required a period ranging from a month to six months to find a job and about 10% spent six to twelve months seeking employment.

### Chart 23 – Lead time following graduation before finding the first job, 2016

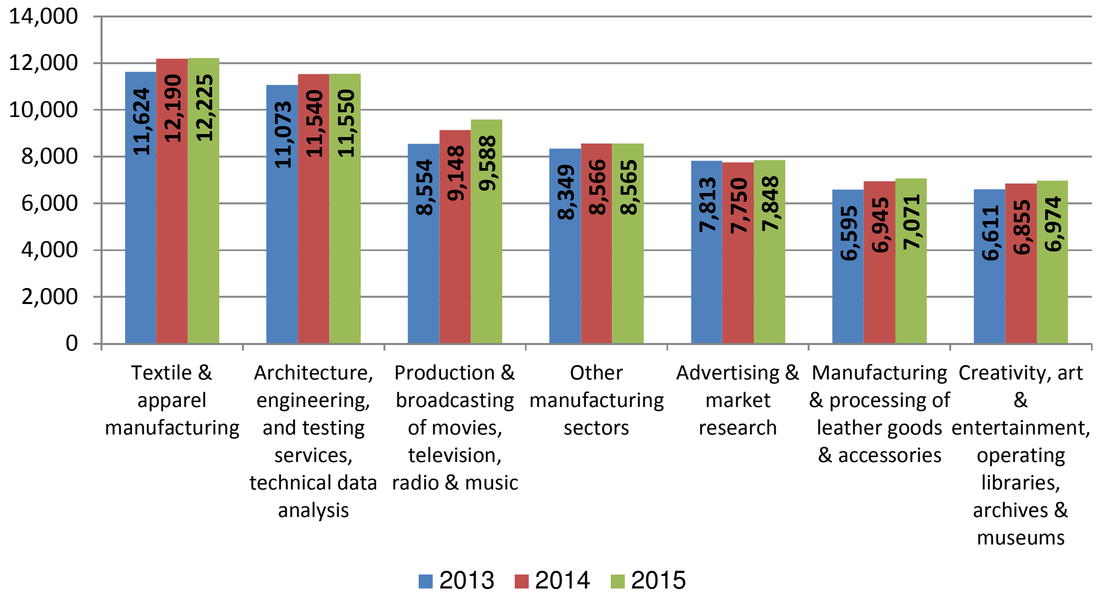



Source: results of Creative Industries Graduates Survey

As of 2015, of all the sectors of the creative industries, the sector with the highest average salary is the textile and apparel sector, with an average of NIS 12,225 - a 5%

increase over 2013, when the average salaried employee earned NIS 11,624. In contrast, the creative, craft and entertainment sector had the lowest average salary of NIS 6,974 - a 5.5% increase over 2013, when the average salaried employee earned NIS 6,611.

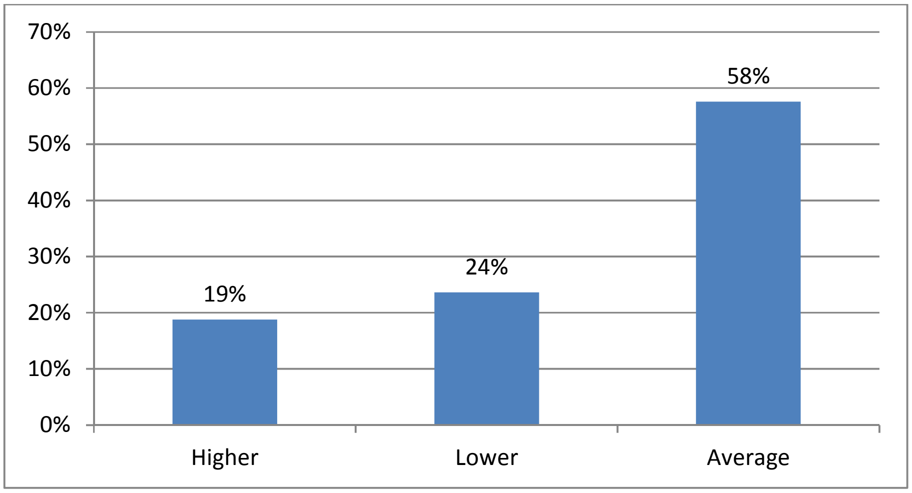
### Chart 24 – Average monthly salaried employee salary in current prices (NIS), 2013-2015




Source: Central Bureau of Statistics

About 58% of the graduates who took part in the survey responded that their salaries following their studies were similar to the average salary, while 24% responded that their wages were below average and only 19% reported that their wages were above average for their profession. Among women, some 61% responded that their salary was equal to the average for their profession while about 26% of the women reported that their salary was lower than average and only about 12% of all women reported that it was higher than average. As opposed to the women, among the men, approximately 53% reported that their salary was equal to the average wage for their profession while about 20% reported that their salary was lower than the average and about 27% reported that it was above average.

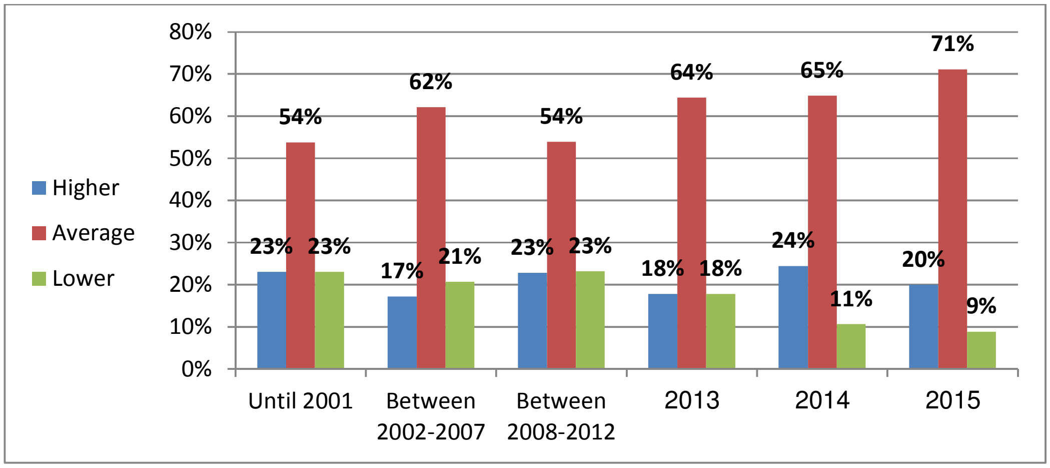
### Chart 25 – Wage relative to the average income in the creative industries fields following graduation, 2016




Source: results of Creative Industries Graduates Survey

In addition, an analysis of the survey results indicates to that the more senior the graduates, the higher the share among them that earned salaries lower than the average for their profession. Thus, of those who graduated up to 2001, about 23% reported that they earned less than average salary, whereas among those who had graduated in 2015, only 9% reported that their average monthly salary was lower. In addition, the more senior the graduates were, the proportion that earned salaries similar to the average salary prevalent for their profession was higher.

### Chart 26 – Graduation year relative to the average monthly wage, 2016




Source: results of Creative Industries Graduates Survey

Most of the graduates, regardless of their level of seniority, are salaried employees with a higher percentage of salaried employee graduates among the lower seniority levels. Thus, the percentage of salaried employee graduates among those who graduated in 2015 is about 75%, whereas among the graduates from 2001 and earlier, the percentage of salaried employees stands is approximately 43%.

### Table 4 – Occupational status by graduation year, 2016

| | Not working | Entrepreneur / self employed / employer | Student | Combines multiple occupations (for example, lectures / salaried employee and owner of a private studio) | Entrepreneur / self employed but not an employer | salaried employee |
|---|---|---|---|---|---|---|
| **Until 2001** | 14% | 7% | 0% | 21% | 14% | 43% |
| **Between 2002-2007** | 2% | 5% | 0% | 20% | 32% | 41% |
| **Between 2008-2012** | 2% | 5% | 2% | 10% | 23% | 58% |
| **2013** | 3% | 5% | 2% | 11% | 23% | 55% |
| **2014** | 7% | 9% | 3% | 13% | 14% | 55% |
| **2015** | 8% | 2% | 2% | 7% | 7% | 75% |

Source: results of Creative Industries Graduates Survey

As of 2014, the number of businesses in the creative industries sectors was 51,873, reflecting a decrease of about 2% compared with 2013. About 60% of the businesses are self-employed and companies, which do not employ salaried employees and another about 40% are businesses, which do employ salaried employees.

### Table 5 – Number of enterprises by selected sectors, 2014

| Economic Sector | Enterprises - total | Change compared with 2013 | Self-employed and non-employer companies | Change compared with 2013 | Employers | Change compared with 2013 |
|---|---|---|---|---|---|---|
| **Textile, apparel, leather product manufacturing** | 1,667 | -4% | 678 | -4% | 989 | -5% |
| **Production and broadcasting of films, television content, radio and music** | 2,911 | 2% | 2,046 | 1% | 865 | 4% |
| **Architecture, engineering services, and testing** | 19,824 | 2% | 10,922 | 1% | 8,902 | 3% |
| **Advertising and market research** | 6,441 | 5% | 3,377 | 4% | 3,064 | 5% |
| **Art, entertainment and leisure** | 18,872 | 3% | 12,879 | 4% | 5,993 | 1% |
| **Other sectors**[1] | 2,158 | 1% | 1,083 | -0.4% | 1,075 | 3% |
| **Total** | 51,873 | -2.2% | 30,985 | -2.1% | 20,888 | -2.5% |

Source: Central Bureau of Statistics

When segmenting the economic sectors into groups by size in terms of salaried employee positions, as of 2014, about 86% of the businesses employ 1 to 9 salaried employees, and around 8% employ between 10 and 19 salaried employees. This

[1] Including manufacture of jewelry, games and toys

means that the majority of businesses among the manufacturing industrials consists of small businesses.

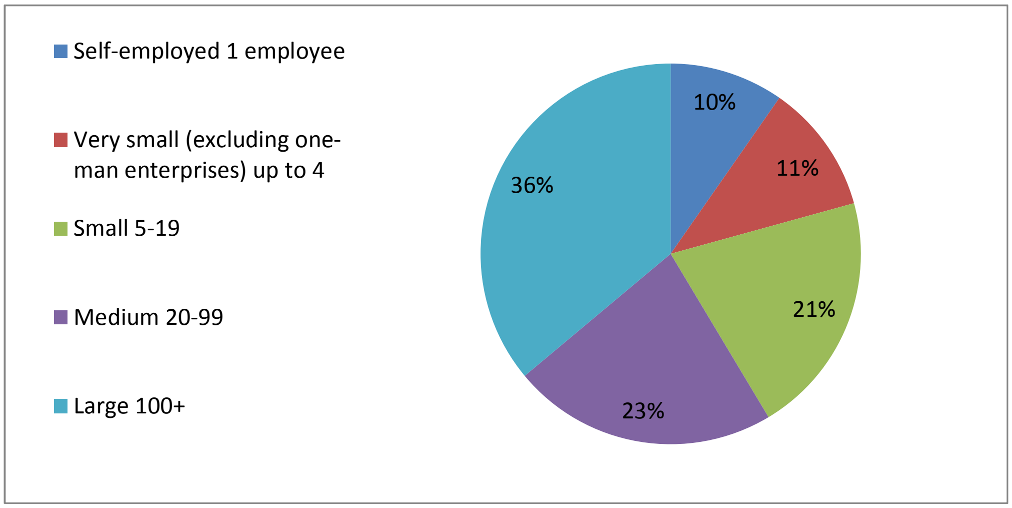
### Table 6 – Size group of enterprises (number of salaried employee positions), 2014

| Economic Sector | 1-4 | 5-9 | 10-19 | 20-29 | 30-39 | 40-49 | 50-74 | 75-100 | 101-200 | 200+ |
|---|---|---|---|---|---|---|---|---|---|---|
| **Textile, apparel, leather product manufacturing** | 599 | 181 | 117 | 23 | 28 | - | 15 | - | 10 | 7 |
| **Production and broadcasting of films, television content, radio and music** | 655 | 96 | 47 | 19 | - | - | - | 5 | 7 | 9 |
| **Architecture and engineering services** | 6,714 | 1,262 | 598 | 156 | 69 | 25 | 34 | 17 | 17 | 10 |
| **Advertising and market research** | 2,159 | 449 | 237 | 72 | 40 | 23 | 30 | 16 | 24 | 14 |
| **Art, entertainment and leisure** | 4,135 | 816 | 503 | 192 | 107 | 67 | 70 | 34 | 38 | 31 |
| **Other sectors[1]** | 713 | 160 | 106 | 28 | 18 | 6 | 13 | 10 | 16 | 5 |

Source: Central Bureau of Statistics

The results of a survey among graduates of the creative industries indicate that according to the definition, set by the Ministry of Economy[2], of the size of an enterprise, about 36% of the graduates are employed in a large organization (over 100 employees). Most of the graduates are employed in medium and small sized organizations (about 65%), where about 23% are employed in medium organizations (20-99 employees), about 21% in small organizations (5-19 employees) and about 10% are non-employing and self-employed.

### Chart 27 – Segmentation by organization size, 2016




Source: results of Creative Industries Graduates Survey

## 6. Foreign Investment

Between 2012 and 2014, a 66% increase occurred in the balance of direct investments by foreign residents in Israel (table 7) in the various sectors of the creative industries, whereas in 2014 the total balance of the foreign investments in these sectors was $1,600 million. The sectors with the greatest direct investment balances by foreign residents are the advertising and market research sector with $ 509 million and the architecture and engineering services with $ 472 million.

[2] Ministry of Economy and Industry, the Small and Medium Enterprises Agency, periodic report on the state of small and medium enterprises in Israel, 2014-2015.

### Table 7 – Foreign residents in Israel - direct investment balances, by sector ($ million)

| Sector | 2012 | 2013 | 2014 |
|---|---|---|---|
| **Textile, apparel, leather product manufacturing, accessories and leather processing** | 260 | 357 | 371 |
| **Production and broadcasting of films, television content, radio and music** | 123 | 162 | 203 |
| **Architecture and engineering services and testing and analysis of technical data** | 420 | 418 | 472 |
| **Advertising and market research** | 135 | 159 | 509 |
| **Creativity, art and entertainment, operating libraries, archives and museums** | 26 | 42 | 45 |
| **Total** | 964 | 1,138 | 1,600 |

Source: Central Bureau of Statistics

## Chapter 2 - Tools for Industrial Development

### 1. Assistance through Funding

1. **Design-intensive product development program** - promoting the use of industrial design within traditional Israeli industry or within the traditional industries involved in the development of new products, upgrading existing products and development of new packaging, whose design forms a substantial factor in increasing their competitiveness. In 2014 in an appeal was published, **grants were approved for 31 enterprises (out of 64 requests) at a total of about NIS 5.5 million. In addition, during Q4/2015 an additional round of appeals for awarding grants was published.**

2. **Operation and advancement of design in industry** - integration of industrial design within Israeli manufacturing industry through various support programs in order to enhance the competitiveness of local industries with foreign manufacturers and development of innovative, high-quality products. **In 2014 a design booth was set up as a part of the 2014 interiors exhibition which took place during Sukkot at the Tel Aviv Fair Grounds, supported by a NIS 100 thousand grant.**

3. **Operation of a program awarding cash grants in the field of industrial design** - ongoing operation of a program for awarding cash grants in the field of industrial design.

4. **Granting state-guaranteed loans through the banking system** - grants for working capital for evolving small and medium businesses, inflicted with cash flow problems and aid loans for the foundation of new small and medium businesses or expansion of existing ones. The Small and Medium Enterprises Authority is responsible for convening the steering committees of the foundation and for the work of the chairpersons of the foundation's credit committees. In the period between January 2014 and September 2015, some 7,500 loans were approved for small enterprises amounting to about NIS 2.5

billion and about 400 loans for medium enterprises amounting to approximately NIS 280 million.

## 2. Incentives

1. **<u>The Promotion of International Marketing Fund</u>** - is directed at small and medium businesses marketing abroad, and interested in increasing their exports or those who wish to begin exporting. The grant is awarded at amounts of up to 50% of the marketing expenses that were approved for the consortium for the year's activity. There is an option of extending the state participation in the project for two more years. The extension is conditional upon the stability of the membership in the consortium, upholding the plans and meeting marketing goals.

2. **<u>Chief Scientist Office</u>** - Appointed by the State to provide aid in industrial R&D. The Office promotes entrepreneurship, providing grants and professional advice for development of new technologies and products.

3. **<u>Program for Developing Enterprise Acceleration</u>** - the plan is intended to promote business entrepreneurship among the traditional manufacturing industries and in the service sector by creating a support network that will enable small and medium enterprises at various stages of their development to undertake projects that will contribute to the expansion of their business. It also enables collaborations between companies with managerial, business and marketing experience with financial means and developing enterprises. In 2014 one request operator in the Minorities sector was approved. The projects are to be approved subject to approval of the budget during 2016.

4. **<u>Funding under the Encouragement of Capital Investments Law</u>** - a law intended to promote investment into the Israeli industry.

   **Among the grants awarded in 2015:**

- In Neot Morcechai (development area A), a factory expansion of the Naot Shoes Agricultural Cooperative Society for Business Ltd., Corporation No.

570037754, to manufacture comfort shoes with an anatomic insole made of a mixture of cork grains and latex, in an overall investment of NIS **14,000,000.** **T**hanks to this program, the factory will recruit 10 new workers.

- In Kiryat Gat (industrial zone) (development area A), Tenengroup Ltd., corporation No. 513913046, was approved for an investment into a fashion jewelry factory, at an overall investment of **NIS 5,284,346.** Thanks to this program, the factory will recruit 12 new workers.

5. **The State-Backed Foundation for Small and Medium Enterprises** - the foundation is intended to aid any small and medium enterprise in every business sector. The foundation facilitates granting of loans for working capital, investments into the business and for setting up a new business.

## 3. Greenhouses

1. **The Digital Art Greenhouse - Digiart** - a project of the Royal Beach Hotel in Tel Aviv, of the Isrotel luxury hotel chain, aiming at promoting young Israeli artists who create in digital media. The hotel hosts more than 500 artworks by 18 artists who are talented young graduates of Israel's leading academic institutions. The works of art are placed in 230 rooms spanning over 19 floors.

2. **Techno Art** - a high-tech and start-up greenhouse intended for investment into projects related to the world of art and culture, and is dedicated to solve the issue of the business model employed by artists and artisans. Techno Art is intended for creators, entrepreneurs, and technology businesspeople, seeking to develop new technological solutions, tools and platforms related to the art world. The greenhouse enables entrepreneurs to cooperate with select artists operating in the industry in an effort to make a connection between creativity, inventions, technological innovation and commercial activity.

3. **The Young Artists Greenhouse - Musrara** - was established for graduates of art schools as a platform for personal and group development through empowerment and support. The greenhouse enables the young artists to develop as independent creators and also to connect with guided action group.

Those who work within the program can also submit their candidacy for scholarship ranging from a quarter to half of their tuition fees.

4. **<u>Artists' Greenhouse - Wet Paint</u>** - off-shoot of the Wet Paint fair. Over 50 novice artists are exhibited there every year. The greenhouse enables those artists to achieve the best possible exposure of their works and to establish valuable contacts in the art world.

5. **<u>Video Greenhouse - Wet Paint</u>** - a unique platform within the Artists' Greenhouse site, presenting video art works of various independent artists. The works are presented within specialized spaces making an effort to present this art form to a wider audience and to offer these works for sale as a part of the fair. The video works are selected by a designated professional panel from the field of video.

## 4. Promotion and Leveraging Tools

1. **<u>Film Coproduction Agreements</u>** - a coproduction is a project of an independent Israeli producer, collaborating with a foreign producer, and its definition will include any project fulfilling the criteria of the coproduction agreements to which Israel has undersigned. A film which has been coproduced with partner producers, from one country or more, will be acknowledged as an "Israeli film" in Israel and as a "local" film within the country participating in the coproduction. Such a film will be eligible for benefits granted to a "national" film in each one of the countries partnering in the coproduction. In order for the film to be approved, it must comply with a coproduction agreement between Israel and a state with which Israel has a signed and valid agreement. There are currently 18 such treaties.

2. **<u>Activity of the Israel Export Institute, promoting export in the various sectors</u>** -

- **The First Format Conference** - the conference, planned to be held in September 2016, will incorporate for the first time on a common stage the entities working on exporting of the Israeli formats. The conference is intended to bring together manufacturers and distributors of the formats with potential overseas customers, positioning Israel as a leading exporter of television formats. The conference is a joint venture of the Export Institute and the Foreign Trade Administration within the Ministry of Economy and Industry.

- **IBC 2016 Exhibition** - the most important professional exposition in Europe, presenting all of the latest technologies in the fields of broadcasting and media. The Export Institute will be setting up a national pavilion in which extensive work will be done to bring the professional audience into collaborate with the commercial attachés. About 18 Israeli companies in these fields will be participating in the exhibition.

- **CES 2016 Exhibition** - In 2015, a national pavilion was opened for the first time as an initiative of the Export Institute and the Foreign Trade Administration within the Ministry of Economy. This year, 16 innovative companies and start-ups are expected to be a part of the Israeli pavilion. These companies will hold prearranged business meetings with representatives of leading multinational corporations.

- **MIPtv + MIPcom** - the flagship exhibition of the television and film industries in Cannes, France. The Israel Export Institute is setting up an Israeli pavilion at the exhibition (Israel is one of the theme countries at the exhibition), designed to expose the Israeli television and film industries to the world, with a focus on the Israeli formats, documentaries and also to expose companies from the world of television, which are selling content and video for mobile phones.

- **Export Hub - Marketing Leverage for the Startup Community** - an innovative pilot program of the Export Institute to support and train towards building a strategy, conducting market research and setting up a marketing plan according to their needs. Ten leading companies from the fields of mobile, applications and educational software will be taking part in the program.

3. **<u>Public Appeal - the Made In Yerucham Program</u>** - this program, which operates as a part of the Payis "Yerucham Design Terminal" Program initiated by the Out-of-the-box non-profit organization, promotes young designers as

well as the field of design as a social and economic change driver. The program is intended for young designers, graduates of design schools in all fields, with an affinity for product design, design with the community and work within the urban space.

## 5. Representative organizations within the creative industries

Numerous organizations have been set up in Israel as part of the efforts to promote and strengthen the creative industries in Israel. They also address a need to improve the standing of these industries and promote the rights of individuals employed in these fields. These organizations represent the varied subsectors within the creative industries vis-à-vis state authorities, culture institutes, commercial corporations and international or regional organizations, which make up a broader framework for promotion of processes and partnerships in these fields. Following is a brief rundown of the organizations operating in Israel:

- **ACT - Israel Association of Cinema & Television Professionals** – ACT represents all the technical and artistic departments: cameramen, assistant cameramen, art designers and their department (set-dressers, property masters, buyers, construction and their assistance), lighting, grips, soundmen, location managers, assistant directors and script managers, dressers and makeup.

- **The Israeli Association of Impresarios & Producers** - the members of the association operate in various fields of production: festivals, stage productions, personal managers, mass events, business events, representation and marketing of artists, children's plays etc. The members of the association lead the entertainment industry in Israel and contribute toward the promotion of Israeli culture.

- **The Association of Cinema and Television Producers** - the association's goal is to position Hebrew speaking creative cinema and television art work in its proper place within the cultural set of priorities in Israel, to increase recognition by the broadcasting organizations and by the cultural establishment of the importance of Hebrew speaking cinema and television as a means of cultural and artistic expression and to promote production as a profession, enhancing the status of the producer as an initiator and leader of the original productions in Israel.

- **<u>Scriptwriters Guild of Israel</u>** - the Scriptwriters Guild is a home for creative individuals, bringing together under one roof writers, entrepreneurs and dreamers, at every stage of their career, from every area of scriptwriting. As part of this effort, the Guild organizes conferences, seminars, writing workshops, screenings, cultural events and professional publications. The Guild also provides professional and legal guidance and if necessary, also arranges demonstrations and manifestations of strength in the struggle for promoting Israeli creativity and creative individuals.

- **<u>Israel Film & Television Directors Guild</u>** - an organization representing the vast majority of the film and television directors in Israel. The Guild is dedicated to improving the status of directors, safeguarding their rights, allowing them freedom of expression, enabling directors, and making a decent living. The Guild also considers itself responsible for the enhancement of audiovisual creativity and of culture in general.

- **<u>Shaham - Israel Actors' Guild</u>** - Shaham is the representative organization of actors in Israel, with a member list exceeding 1,850 theater, film and television actors. The Guild was set up in 2000 to safeguard Israeli culture and creativity, defending the rights of Israelis to consume Israeli culture as a fundamental, basic consumer good, and the rights of the actors in Israel to create high-quality Israeli culture under decent conditions respectful of the needs of both the creation and creators.

- **<u>IUPA (EMI) - Israeli Union of Performing Artists</u>** - an entity mediating and conciliating between art and government, protecting culture, drama, tradition and singing in Israel, energizing all these to become further involved within the community and predominantly, an organization backing altruism and volunteering for disadvantaged communities.

- **<u>The Israel Community of Designers</u>** - was established seven years ago to promote understanding and design excellence among the business community and the general public, as well as to address the needs of the design professionals in Israel. At present, members of the Community include active designers in the fields of graphic, industrial, interactive media and jewelry design, as well as students and fresh graduate in these fields.

- **<u>The Association of Museums and ICOM Israel</u>** - is a registered non-profit organization (per the Israeli Associations Law) whose major goals are to promote collaboration and partnerships between museums and museum professionals in Israel, to organize activities for professional divisions based on museological themes determined and defined by Paris-based ICOM (International Council of Museums). In addition, the Association works to ensure professional advancement of museum staff by organizing professional conferences, granting stipends and scholarships, publishing useful information and articles on museum-related themes, publishing information and representing the museums before the government, the Museums Council and public institutions.

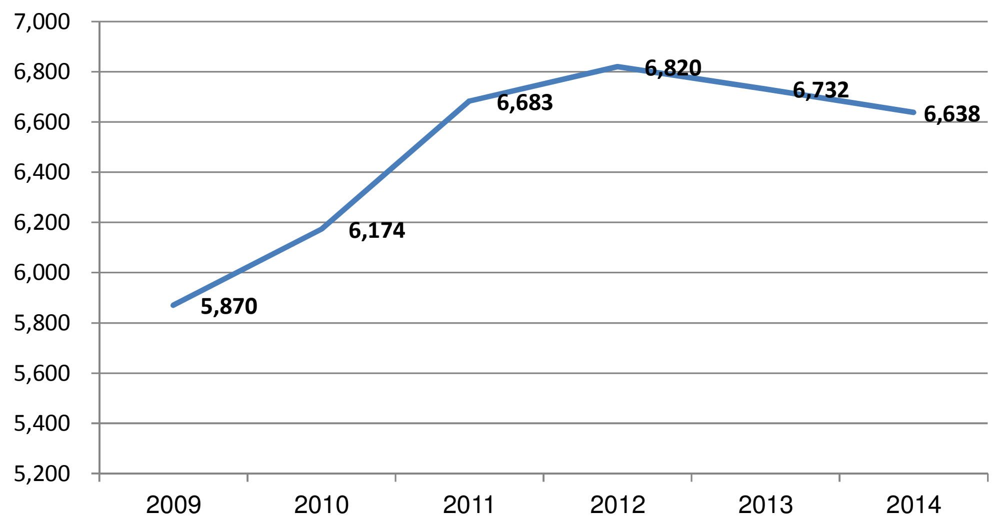
- **<u>The Israel Association of Illustrators</u>** - the Association's goals include promotion of illustration as a profession in Israel, raising awareness to illustration and increasing its use, raising awareness to the copyright law and presenting illustrators to the general public and potential customers.

# Chapter 3 - Looking Forward

## 1. Creative Industries Graduates

Professions within the varied fields of creative industries are being taught in higher education institutions, which include studies in universities or colleges offering courses in these professions[3]. The 2009 and 2012 academic years experienced a 17% increase of the percentage of BA students within the various institutions, where the number of students as of 2012 was about 6,820. On the other hand, between the 2012 and 2014 academic years, the number of students learning professions within the creative industries declined by some 3%, amounting to 6,638 as of academic year 2014 (chart 27.)

### Chart 28 – Number of BA students studying creative industries professions, 2009-2014



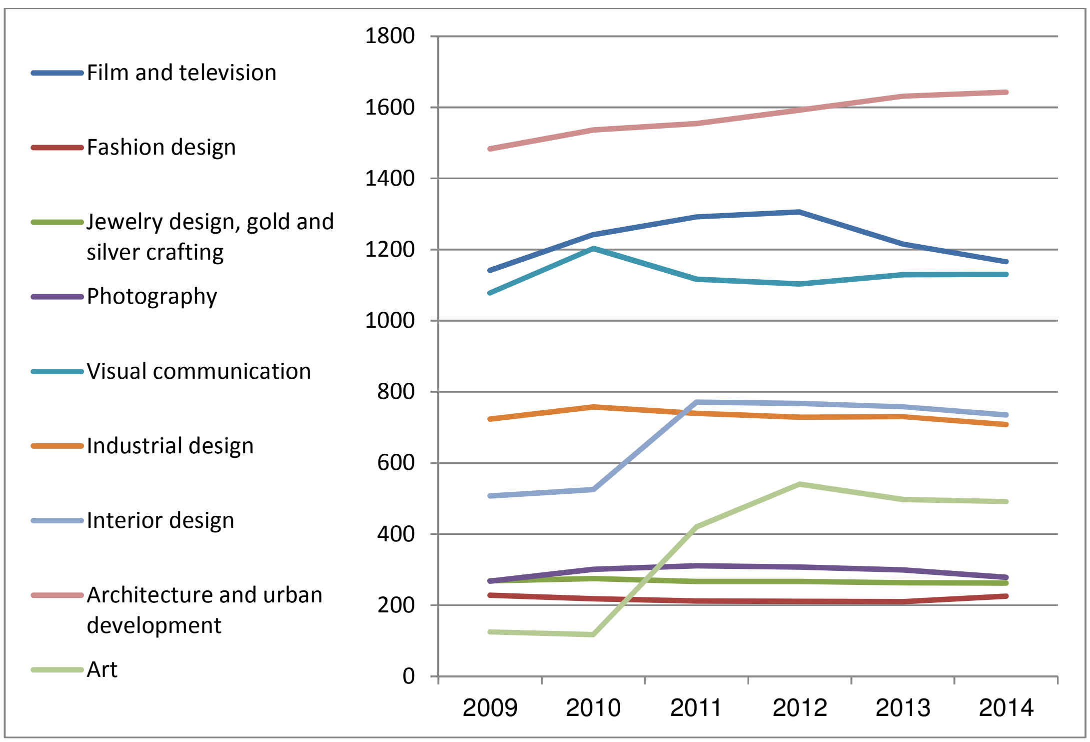

Source: Central Bureau of Statistics

[3] Excluding certification studies

Between 2009 and 2014, architecture and urban development were the professions with the highest demand by the creative industries students with 1,573 students on average per year.  In contrast, the lowest demand professions are fashion design with 267 students on average per year, jewelry and gold and silver crafting with 267 students on average per year, and photography with 294 students on an annual average.

According to the foregoing data, if the number of students in the creative industries will continue to decline, probably having an impact on the anticipated number of graduates entering the labor market in the creative industries.  This reduction in the number of graduates will probably be most noticeable in the professions with a declining number of students - film and television, gold and silver crafting, photography, interior design, and art.

**Chart 29 – Number of BA students by creative industries branches, 2009-2014**



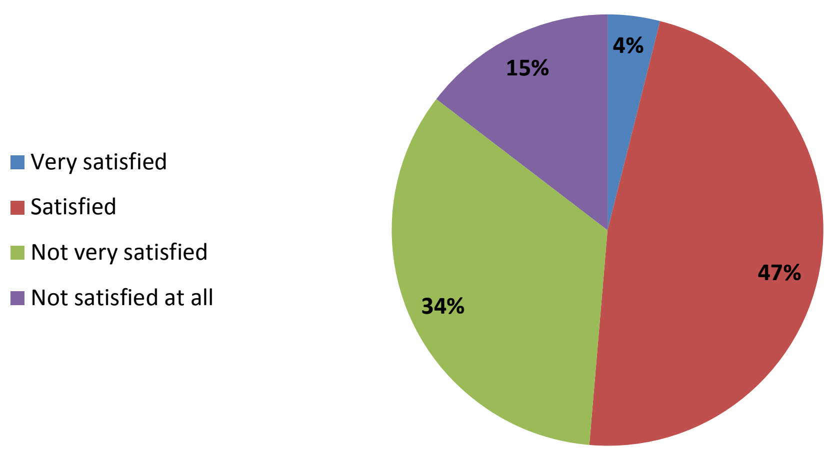

Source: Central Bureau of Statistics

## 2. The economic state of the graduates of the creative industries studies

According to the data extracted from the social survey run by the Central Bureau of Statistics for 2014, among those with an education in the fields of arts, crafts and applied arts[4], some 46% (or 23,044 respondents) are satisfied with their financial situation, about 34% (or 16,536 respondents) are not very satisfied, approximately 15% (or 7,087 respondents) are not at all satisfied and only around 4% (1,896 respondents) are highly satisfied with their financial situation (chart 29.)

When evaluating the assessment of the future economic prospects of those with an education in the fields of arts (chart 10), some 45% (20,225 respondents) expect their future financial situation to improve, whereas about 39% (17,257 respondents) expect their financial situation to remain unchanged and around 16% (7,141 respondents) think it will worsen.

**Chart 30 – Levels of satisfaction from their economic status, 2014**




Source: Central Bureau of Statistics

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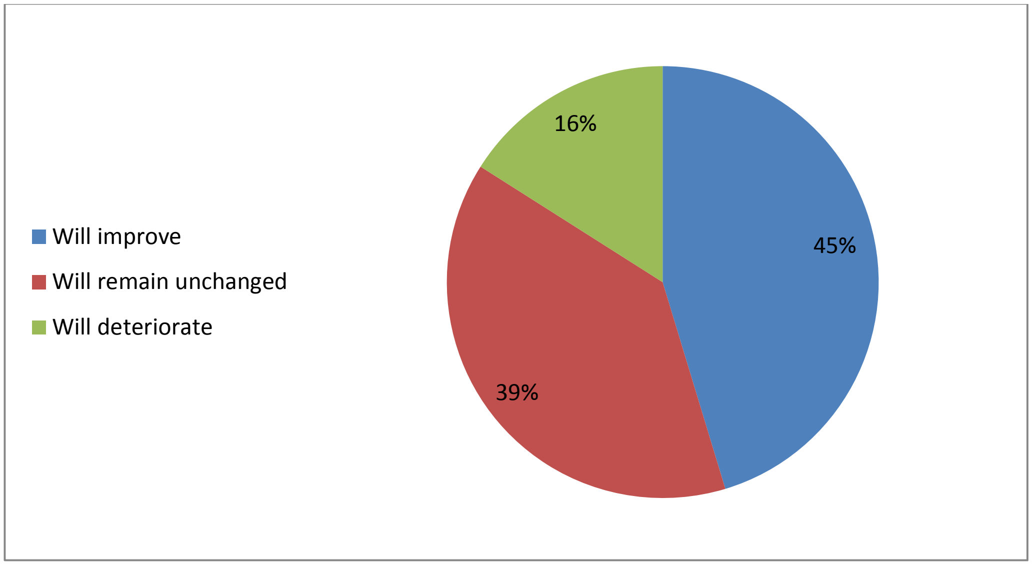
[4] Including film and television, industrial design, interior design, crafts, culture and art, photography, gold and silver crafting, fashion design, visual communication, music and history of art.

## Chart 31 – Outlook for future economic status, 2014




Source: Central Bureau of Statistics

## 3. SWOT - Strengths, Weaknesses, Opportunities and Threats to the Creative Industries

**Strengths -**

- Existence of unique products that previously did not exist in the market - a product's uniqueness can give it a competitive edge over other products. This can affect all of the creative industries. Thus for example, use of advanced technologies improving product quality and enhancing user experience may increase the product's advantage in the market, whether this refers to innovative designs, advanced video games or other similar products.

- Professional manpower - contributes to the development of high quality products in accordance with market requirements. Among the creative industries, this refers to a diverse spectrum of technological knowledge in computers (programming, computerized graphics, etc.), product design, acting, directing, writing, marketing and so forth.

- Existence of a well-known, long-established incumbent brand in the market, over new competitors - within the creative industries there are well-known brands, with a track record in the market, giving them an advantage. Examples for this are the large fashion retail chains with multiple outlets, in contrast with specialized designer boutiques. Furthermore, among the different artists, those with name recognition will achieve greater exposure to their work.

**Weaknesses -**

- Delivery of a faulty product - manufacturers must take into account the probability of manufacturing faulty products. Thus for example, in the game and toy industry, according to an Emun Hatzibur report from 2010[5], there is a recurring defect pattern according to which consumers discover, after purchasing the product and bringing it home, that the product is faulty. In the toy industry, a defective product can constitute a safety hazard.

- Small manufacturers may encounter marketing difficulties and localization issues. To penetrate a market, substantial financial investment should be made and knowledge should be demonstrated to set up an infrastructure suited for new technologies in the market.

**Threats -**

- Legislation and regulations -

  Changes in customs tariffs for importation of products - thus for example, following the recommendations of the Trajtenberg Committee, it was decided in 2012 to reduce customs tariffs on various products, where the customs on some of the textile products were canceled altogether and in 2013 there was a further easing of customs towards installment of complete exemption[6] on additional textile products for products with tariffs that had not been reduced

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[5]Emun Hatzibur, sector-by-sector report - toys sector, December 2010

[6] Knesset Research and Information Center, Impact of Reduction of Customs Tariffs on the Apparel and Textile Sectors - General Analysis, 2013

in 2012. On April 30, 2013, the government changed its previous decision and raised the customs on importation of textile products to 6%[7].

Restrictions on manufacturing and customs tariffs on imports from various countries - manufacturers who are dependent on suppliers from different countries may be influenced by restrictions on manufacturing and by the customs tariffs in the countries from which the goods originate.

Copyright - according to the Copyright Act 2007, “Copyright shall apply to these compositions:

(1) An original composition that is a literary, artistic, dramatic, or musical composition, set in one way or another;

(2) A record;

The purpose of the law is to protect copyrights in such a way that the copyright owner has the exclusive right to perform actions such as copying, publishing, advertising, public playing (voicing or playing music, or playing the artwork), broadcasting, etc. Violation of a copyright may incur penalties through payment of a fine up to imprisonment.

Censorship - by way of supervision and control over the dissemination of information to the general public to which creators and composers are exposed in the various industries (film, theater, writing, radio, television etc.). Censorship may restrict exposure of information and its transmission to the public through various state-commissioned means and entities (issuing a gag order, the Council for Critique of Films and Plays, the Council for Cable and Satellite Broadcasting, the military censor and the editors’ council).

- Market entry by competitors - competition compels the various manufacturers to adapt themselves to the market. Dealing with new competitors penetrating the various sectors may mean discounts, greater investment in product marketing and advertising, branding and product or service uniqueness.

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[7] Castro Model Ltd., Periodic Report for 2015

- New technological developments - renders existing products obsolete and irrelevant. For example, in the New Media sector, toys and games include use of technologies which may change from time to time. Therefore, the manufacturers in the different industries must keep track of changes in technology in the market and to develop accordingly.

- Seasonality – This may affect certain creative industries in which the volume of sales is affected by the changing seasons of the year. This is most pronounced in the fashion design industry, in which the sale and type of clothing items varies with the seasons and accordingly the pricing of the items varies.

- Currency exchange rate fluctuations - among creative industries transacting business in foreign currency there is a dependency on fluctuations in the exchange rate.

- Economic state and changes to household living standards - as of 2013, the household expenditure on decorative elements for the home, shoes and apparel, culture, and entertainment constitute 7.6% of the overall expenditure on consumption[8]. An economic slowdown, recession or even influences of the global economy may have a critical impact on the private consumption of the above products, which most likely will be the first to be affected.

- Effects of political and security developments – may impact foreign trade. An example for this is the boycotts against Israel and marking of products originating from the Judea and Samaria settlement areas. On November 11 2015, the European Commission approved the policy of marking the products from the settlements in retail outlets[9]. Although the marking does not include industrial products, the impact of the boycotts may reflect negatively on brand names coming from Israel in general as well as on the motivation of potential investors to invest in Israel.

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[8] Israel Statistical Yearbook, 2015

[9] INSS, Overview, Implications of the European decision to mark products from the settlements, 2015

**Opportunities -**

- Fashion or new trends entering the market - in the design world, the style of design must be adapted to match the current market trend. Designers who will be able to provide current fashion trends within their products would be able to exploit these trends and increase their market share.

- Utilization of new technologies - development of new products according to new technologies emerging in the marketplace for the purpose of improving user experience - whether this means taking advantage of the new technology in the manufacture of the product or incorporation of new technologies in technology-based products.

## 4. The future of the creative industries

The creative industries evolve and change over the years with changes being expressed in the influences of the different technologies, which evolve over the years, and in the consumer preferences.

**4.1. Newspapers and magazines -** digital publications are increasing in Europe. Digital technology enables information and news to flow through multiple channels including print and digital platforms, interactive websites, custom-built newspaper apps and social media. The newspaper publishers have to continue to develop new products, business models and organizational structures to keep up with the new digital platforms available to consumers such as various apps. With these, newspapers and magazines can leverage their brands and experience new products and services featuring close ties with their readers.

**4.2. Music -** those working in this field include songwriters, composers, producers, sound engineers, recording technicians, technical workers, managers and workers in music radio stations and television music channels. The music industry continues with its transition into the digital business world. Recording companies transmit music successfully through digital channels, which are broadening and expanding the music world, and they are innovating in the ways they present the artists to the global audience. Some see the future of music in creation of a new model of music listening based on instantaneous, unlimited access to the music, which itself will be adapted to the digital environment. Accordingly, a need will arise for people with technological knowledge, rather than for those of a profile consistent with the traditional music industry. Besides that, there may be a negative influence due to the online, often free, access to the music. Thus, online services will become the new gatekeepers to determining which genres will have access to the public online and how much an artist can profit from this.

**4.3. Film and television -** In recent years, changes have occurred in the television broadcast sector and in the film sector, including the expansion of the range of viewing channels. This applies to both films and programming. This is all taking place alongside the development of technologies which include the use of Smartphone applications, where the existence of a television set, or a movie projection screen, are not the only platforms through which the content may be viewed. Nowadays, consumers want to be given a unique user experience to include a variety of easily accessible content, combining it with, and adapting it to, each consumer's personal preferences, enabling access from a variety of devices and it is apparent that there is a preference for using mobile devices[10]. In addition to that, in recent years there has been an anticipation towards the introduction of new platforms into digital broadcasting, which would enable Internet users access to a wide variety of television programs and films, which would weaken the existing, paid television services and serve as a cheaper alternative. The existence of a broad selection of television channels has been helpful in increasing the demand but just maintaining the status quo is no longer enough. Television companies may choose to develop online tools to help viewers find programs they will wish to watch. These tools may, for example, include a system of recommendations that studies the customer behavior and preferences, replacing the electronic program guide. New technologies, distribution methods and models create new opportunities for making creative works that will reach a wide audience.

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[10] PWC Israel, the search for the ultimate customer experience - not just a digital challenge, trends, insights and forecasts for the entertainment and media industry in Israel and worldwide 2015-2019

**4.4. Radio** - new complementary technologies such as social media and mobile devices (smartphones and tablets, for example) offer additional ways of sharing information and content. Social media enables radio broadcasts to get closer to the listening audience and to integrate new technologies in order to enhance the listening experience. It is vital to develop digital services based on new technologies to retain and enlarge the listening audience as well as attracting the various advertisers through the social media. In addition to that, the Internet may further broaden the radio broadcasts such that a launch of new Internet radio channels may enable reaching broader audiences at a lower cost and to overcome frequency constraints and low availability.

**4.5. Video gaming -** there is global competition in the video gaming industry, where the game developers are the leaders in developing new tools, methods and business models for creating man-computer interaction, and therefore video games lead to innovation in the market. The industry, which is driven by innovation, is increasing its size and advancing away from everyday games toward more technologically sophisticated levels. Thus, the integration of the advanced technologies changes the conventional user experience where improved interfaces will be employed, such as sensors in the game consoles, as it is already part of the game. This integration of technological innovation in the market enables the industry to reach new customers who are distant from the stereotypical gamer playing opposite this computer or television screen, thereby animating the gaming experience for consumers. This is why there is a need for developers with a high degree of knowledge in the video gaming industry.

**4.6. Visual arts** - museums in which works of art are being displayed are familiarizing themselves with technology for improving accessibility to their collections, enriching the visitor experience and developing their educational role. Social media and electronic devices enable museums to provide complementary information in real time while the visitor is moving about among the exhibits. Digital devices afford users the opportunity to explore the exhibits in depth and to experience the exhibits in new ways through Internet websites enabling virtual tours. Digital technology enables wider access to objects of art, however the question arises as to what is the best way to protect intellectual property, since the use of digital technology may pose a threat to the income of contemporary artists, particularly digital photography technology, which makes it easy to photograph exhibits and counterfeit them.

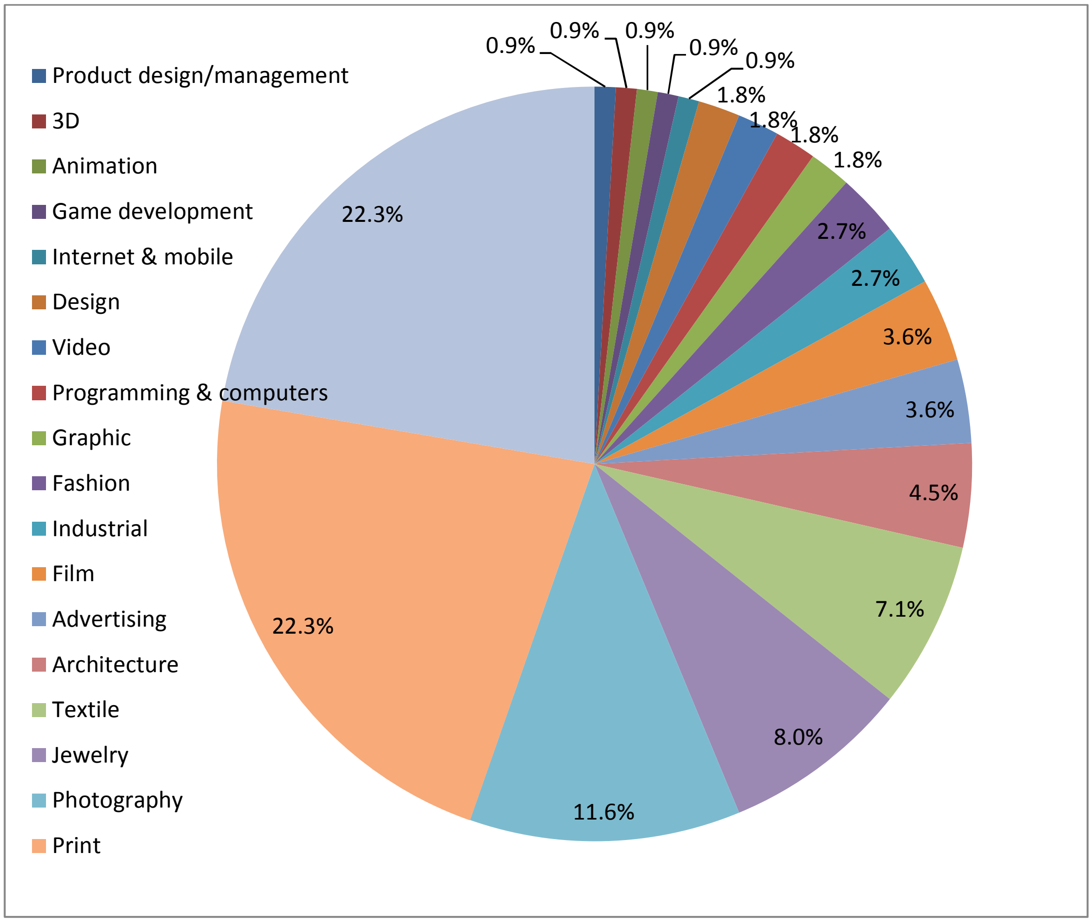
**4.7. Architecture -** customers demand a greater measure of originality and technological expertise. Buildings are a leading source of greenhouse gas emissions, therefore the pressure to switch to green construction has stimulated the demand for architecture services and energy efficiency has been added to the design criteria. Nowadays customers, both in the private and in the public sector, expect a high degree of professionalism when it comes to green technology, and they demand use of energy-saving technologies.

**4.8. Advertising** - the advertising market is comprised of variegated advertising means including television, newspapers, radio, magazines, sponsorships for shows, film, video games, music, digital advertising (Internet advertising and digital outdoor advertising) etc. According to the PWC Israel[11] estimates, there will be a global growth in digital advertising, which will make up 38.7% of the global advertising expenditure in 2019, in contrast to 27.4% in 2014. When Evaluating the Israeli advertising market alone, in 2014 digital advertising made up about 23% of the total advertising, and in 2019 this is expected to be 33%. The increase in digital advertising has mainly been at the expense of advertising in newspapers, magazines, radio and outdoor advertising, which was 37% in 2014 and is expected to shrink to about 27% in 2019.

Based on the results of the survey of graduates, most graduates expect that in about twenty years' time the demand for print and art professions will decrease, while the professions typified by the use of technological tools such as interactive design, Internet and mobile, the digital field, media and new media, game development, animation, graphic design and advertising, will see an increase in demand.

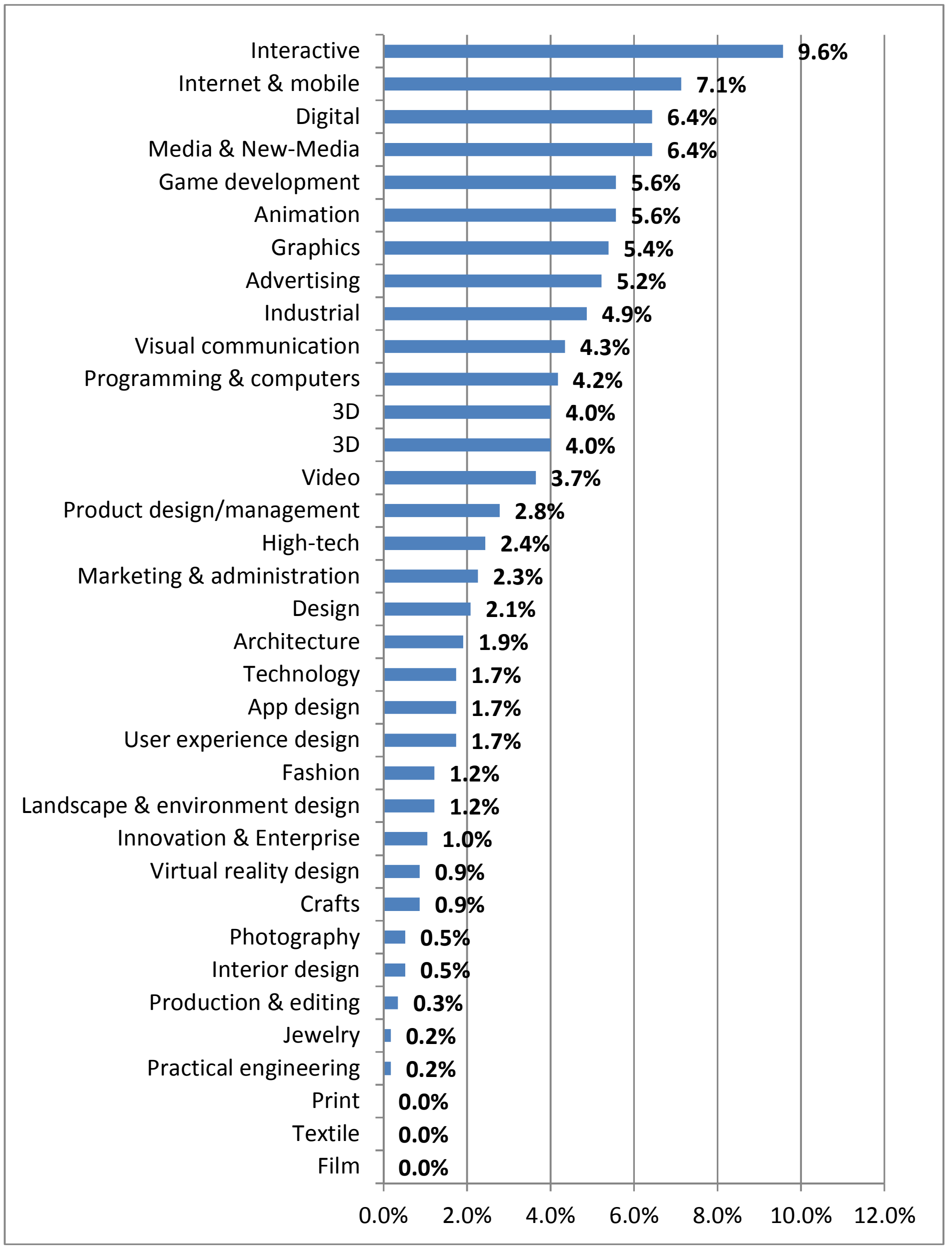
[11] PWC Israel, the search for the ultimate customer experience - not just a digital challenge, trends, insights and forecasts for the entertainment and media industry in Israel and worldwide 2015-2019

### Chart 32 – Professions whose demand will diminish in 20 years' time




Source: results of Creative Industries Graduates Survey

## Chart 33 – Professions whose demand will increase in 20 years' time




Source: results of Creative Industries Graduates Survey

## 5. Policy recommendations

**5.1. Definition of the creative industries in Israel -** the very definition of the creative industries and acknowledging them as a separate sector will be beneficial for their promotion. Therefore, the understanding that these industries have specific needs that are worthy of attention, will result in strengthening them, as is the case in many developed countries.

**5.2 Setting up and on-going updating of a database of the creative industries in Israel –** In order to propose recommendations for an effective policy, it is necessary to be as well informed as possible. The fact that the creative industries are divided into so many small-size sub-sectors poses a challenge in collecting the data, however this challenge is not insurmountable (even if partially). Therefore, it is recommended that the Central Bureau of Statistics would publish an annual report, examining the state of the creative industries.

**5.3 Strengthening international partnerships -** in order to make it possible to compete efficiently in the globalized world there is a need to strengthen international partnerships. This can be done by increasing existing collaborations with creative industry organizations around the world and by strengthening the networking so that the access to new markets will be enhanced and entry barriers will be removed.

**5.4 Increasing government expenditure on creative industries -** the policy and decision makers must support investment into new initiatives for creative industries. Greenhouses for promotion of innovation have proven themselves as extremely important tools of policy, particularly for small enterprises in the field. It is also very important to encourage joint investments combining the creative industries with other sectors. It is probable that a bigger government investment also result in greater private investment.

**5.5 Creating a customized regulatory framework for the creative industries -** the creative industries operate in a complex business environment and they are usually also subject to the ordinary regulations regarding businesses, plus unique regulations such as copyright and intellectual property. There is a lack of harmonization between the taxation, business activity, intellectual property laws, policy and legislation in these areas. The customized regulatory framework ought to make life easier for creators, enhancing the cultural diversity and business activity in this sector.

**5.6 Strengthening access to markets and financing -** the enterprises within the creative industries are highly diversified. Some are large-scale enterprises replete with resources, while others are small, even miniscule, businesses. Access to markets and to financing, particularly among the small businesses, is problematic for several reasons: lack of expertise of the financial institutions in analyzing the business models of the creative industries, underestimation of the intangible assets of the creative industries among the financial institutions, the complexity of the programs and business models in the creative industries.