

# CREATIVE STARTUPS AND THE CITY BERLIN

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## **ABSTRACT**

The debate around the transformation of the new economic order in cities has gained momentum, particularly following the “creative city” policy. Despite the fact that major (capital) cities have focused on their image as a “creative city”, the benefits of such urban places for creative industries remain vaguely defined. As such, the study proposes to shift the attention to the main strands of thoughts that have focused on the relation between cities (place) and creative industries. In doing so, it attempts to (i) resynthesize the blurred and overlapped perspectives and (ii) redirect the focus from mature and growing firms to young and vulnerable startups. This allows for empirical evidence on the economic, social and symbolic value of cities from the perception of creative startups. Using qualitative interviews with international (co-)founders of creative startups in Berlin, this study finds that the complex nature and varied characteristics of creative startups explains how and for whom cities are perceived to be important sites of economic, social and symbolic manifestations in the production of creative goods and services. In addition, the study also draws attention to the ways in which new communication technologies mediates opportunities for creative startups.

**Keywords:** Startups; Creative industries; Berlin; Creative city; Qualitative research

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## Introduction

Creative industries have become key contributors to cities' economic development (Kloosterman, 2004; Lee, Florida & Acs, 2004), urban regeneration (Evans and Shaw, 2004; Sasaki, 2010) and social inclusiveness (Merli, 2002). In fact, to quote Hall (2000, p.640), creative industries “are seen as the magic substitute for all the lost factories and warehouses, and as a device that will create a new urban image, making the city more attractive to mobile capital and mobile professional workers”. This is demonstrated, for example, in policy making rationales that have emerged and evolved from the idea that cities need to move away from industries processing raw materials, and instead promote industries of high knowledge and innovative ideas (Pratt, 2008). The debate around the transformation of this new economic order in cities has gained momentum, particularly following the “creative city” policy. However, despite the fact that numerous municipal government in countries from America and Europe to Asia encourage cities to become creative (Kong, 2014), there has been less attention devoted to the meaning and benefits of these creative cities for creative industries (Pratt, 2005; Pratt, 2010). What is more, in current studies on creative industries the focus is almost entirely on established and growing industries. Evidently, established industries have already proven to be profitable, but it is particularly startups that challenge the incumbents because they contribute significantly to “productive innovation” (Baumol, 2002). Additionally, these startups have consistently demonstrated to be high growth firms in terms of generating large shares in employment creation (Audretsch, 2012).

Setting aside the policy construct of creative cities, this study focuses on three main strands of thoughts that seek to explain why creative startups decide to settle in cities. Although many authors stress the benefits of industrial clustering in cities for creative firms, the multiple perspectives on spatial clustering have led to different interpretations, which are sometimes overlapping and sometimes contradicting (Gordan and McCann, 2000). In addition, cities not only matter to creative startups because industrial clusters are grounded there, but they are also important for the generation of inspirations and connections to cultural identities (Molotch, 2002; Helbrecht, 2004). Given the widespread appearance of academic studies on the relation between place and creative industries, the (i) economic, (ii) social and (iii) symbolic benefits of cities are identified as significant factors for creative startups.

For the context of this study, the creative city Berlin provides an excellent case in point: it has become an internationally young growing city for creative industries. Simultaneously, the city

shows a number of above average startups, primarily driven by high startup rates from particularly non-Germans entrepreneurs (Kritikos, 2016). The fact that these startups are mostly created by mobile internationals challenges existing theories on digitalization and globalization such as, “the death of geography” (Storper, 1997; Morgan, 2004). By conducting interviews with (co-)founders of creative startups, the study attempts to answer the following question: “*How are creative cities perceived to provide economic, social and symbolic benefits for international startups from the creative industries?*”

The study will start with explaining three perspectives of creative industries spatial location in cities. Next, it will shift its attention to the construct of “creative cities”. Hereafter, the method and empirical setting used for the study of creative startups in Berlin will be explained. Subsequently, results will be presented and discussed with regards to the economic, social and symbolic benefits of creative cities. Lastly, I will turn to the final conclusion and limitations of this study.

## **The economic, social and symbolic life of cities**

The high concentration of creative industries in cities taps into the ongoing debate about the relevance of place in social sciences (Heebels & van Aalst, 2010). On the one hand, digitalization and globalization supposedly have signaled “the death of distance” (O’Brien, 1992) or “the end of geography” (Cairncross, 1997). The development of advanced information and communication technologies (ICTs) are claimed to possibly make an end to the importance of place for industries. The main premise is that industries are exposed to an international scale, while becoming less dependent on local places of production and consumption (Cairncross, 1997). Needless to say, the “geography is dead” assumption is not left undisputed: it is argued to “over-estimate the distance-destroying capacity of ICTs by conflating *spatial* reach with *social* depth” (Morgan, 2004, p.3). Following this quote, the understanding of local place should open up for a dynamic analysis in which physical proximity dominates economic activity. That is to say, human relationships and networks have much more influence on learning, innovation and knowledge sharing, thereby constituting the core competence of our knowledge economy (Howells, 2002). Most importantly, these two opposing presumptions defend other aspects with regards to the importance of place (Storper, 1997). While one follows the impact and scale of globalization by highlighting the role of standardization, the other is fixated on spatial differentiation by the national, regional and local nuances (Morgan, 2004).

In recent years, the relationship between place and creative industries has been noted for the tendency towards industrial clustering in larger urban areas (Scott, 2001; Lazzeretti, Capone & Boix, 2012). Indeed, it seems that creative cities such as Paris, London, New York, Tokyo and Los Angeles show a high concentration of creative industries, to which these cities also owe a considerable part of their economic and urban development (Florida, 2002; Scott, 2006; Wenting, 2008). Successful examples of such areas are the fashion industries in Paris and Milan, the entertainment industry around Hollywood and the technology industry of San Francisco (Scott, 2000).

These clustering processes of creative industries in larger metropolitan cities show not only positive results for the generation of jobs, but also for new business formations through startups and spin-offs (Wu, 2005). The barriers to entry for startups and spin-offs are lower in these places due to the concentration and availability of resources such as, needed assets, financial supports, specialized labor skills and non-traded input (Porter, 1998). While a spinoff firm has the advantage that it already has gained experience from the parent firm in their respective sector, startups are more vulnerable due to the lack of pre-entry experiences (Klepper, 2002). Similarly, Wenting (2008) found that during the evolution of the fashion design industry, spinoffs performed better than other startups. For this reason too, this study proposes to focus on startups within the creative industries. In contrast to both established industries and spinoffs, creative startups show higher failure rates due to their recent lack of resources and previous experience. Consequently, location –as an environment that offers multiple different externalities –serves as an “incubator” for new high-risk firms such as startups (Scott, 2006). These beneficial locations have proven to occur on different geographic scopes –ranging from a state, region or even a single city –but are in all cases interconnected firms linked by commonalities and complementarities (Porter, 2000, p.15).

In what follows, my objective is to provide the main viewpoints that have studied the relation of place and creative firms. Over the past years economical, sociological and geographical perspectives have all sought to explain the high concentration of creative activities in cities. Together these studies provide us with a wide variety of insights, but what is remarkable is that these studies have continued to blur, if not complicate, the understanding of cities for industries. The vague understanding between cities and creative industries stems not only from the different theoretical contexts out of which these perspectives have emerged, but also from the little attention that has been devoted to the operationalization of terms such as “agglomeration”, “creative millieux” and “clusters” (Gordan & McCann, 2000). Hence, it

seems highly relevant to start with distinguishing previous perspectives that have focused on the high concentration of creative production in cities.

### **The economic perspective of place**

Marshall (1920) can be credited with providing the first and most influential theories on spatial concentration of industries. According to Marshall three reasons explain why firms are concentrated in particular cities (Krugman, 1991; Gordon & McCann, 2000). First, the benefits of a local specialized labor pool which efficiently matches between firms and labor (employees). Second, the benefits of local non-traded input which is related to shared input and supporting services; resulting in lower transportation and transaction costs. Third, maximum flows of information and ideas that is tied to an efficiency of mutual knowledge sharing and training without financial costs. While all three benefits are forms of agglomeration economies, the first two forms are reminiscent of neo-classical economic theories. In this respect, production growth promotes efficiency through the increased division of labor among workers and among suppliers (Wenting et al., 2011).

Complementing the notable Marshallian perspective, the Californian school has drawn attention to the whole value chain as a factor for new firm creation (Storper, 1997). The vertical disintegration of production within cities creates new demands and reduces transaction costs, possibly resulting in the creation of startups. Although in the 19<sup>th</sup>-century literature, spatial transaction costs were mainly thought of as transport costs, in a more recent thinking it is also possible to include telecommunications costs (Salomon and Schofer, 1990) and other types of logistics-costs (McCann, 1998). In addition, Porter (1998) stresses the importance of a competitive environment for the birth of new firms. This can be illustrated by the fact that competitive environments like cities are not only supporting the creation of startups by external economic benefits, but also by the reduced risk in terms of prices, costs and way of doing business. Moreover, industrial agglomeration can also result in a high local level of purchasers. Locating in a city with a high density of purchasers increases the survival of creative startups by its visibility and legitimacy, thereby reducing their liabilities of smallness and newness (Audia, Freeman & Reynolds, 2006; Pe'er and Keil, 2013).

Industrial agglomerations are mainly studied by economists and economic geographers (Marshall, 1920; Krugman, 1991), while “the network dimensions of clusters have also been analyzed by sociologists, organization theorists and political scientists” (Rocha & Sternberg, 2005, p.270). The latter perspective stresses the social contexts of firms and their

embeddedness in networks, organizations and institutions of geographical places (Porter, 1998). For the purpose of distinguishing the economic benefits from social benefits of cities, in this study, it seems more straightforward to follow the economic perspective on “industrial agglomeration” as put forward by Rocha and Sternberg (2005). In their study on 97 German planning regions a clear distinction is drawn between geographical/industrial agglomerations and cluster phenomenon. In contrast to clusters, the social interactions and networks within industrial agglomerations are seen as driven by cost-efficiencies rather than by the social dimension. The interactions that may occur are based on market transactions and guided by price considerations, rather than social relations or social norms (Granovetter, 1985, p.484). Thus, within industrial agglomerations firms belonging to the same industry do not necessarily interact for the flows of information.

Moving away from why new firm creation is supported by the economic benefits of clustering in cities, many scholars have also focused on the so-called “hard” factors that foster and attract entrepreneurship. In general terms, hard factors are “classic” conditions that possibly overlap with clustering factors, including the availability of capital, labor force, public services, attractive regulations and tax regimes, a good infrastructure and low cost of living and office spaces (Musterd and Murie, 2011; Stryjakiewicz, 2010). Development strategies that attempt to improve hard conditions for firms’ location choice have mostly focused on the improvement of transportation infrastructure. For example, the rise of business parks directly demonstrates the improvement of transportation infrastructure as exemplified by the available roads for cars and trucks. However, the longer-term sustainability and mono-functional outlook of these parks raises questions (Musterd and Murie, 2011). More specifically, within the sector of creative industries one could argue that culture and atmosphere become more important, thus business parks may not be appropriate due to their outdated industrial “look” and “feel”. Attention should be given to whether such strategies also suit the sector of creative industries, and particularly smaller firms such as young creative startups.

### **The social dimension of place**

An alternative rationale of creative startups’ clustering in cities puts less emphasis on economic advantages but highlights the importance of social relationships in geographical context (Granovetter, 1985; Crewe and Beaverstock 1998; Gordon and McCann 2000; Pratt 2000; Banks et al., 2002). Scott’s (2006) concept of “creative fields” can be helpful to understand creative startups in the context of social and cultural dynamics. Echoing Bourdieu’s (1983) field of cultural production, Scott (2006, p.4) asserts that creative



industries need to be understood in relation to their social agents, who are “situated within a wider system of production that can be represented as an actual and latent grid of interactions and opportunities in organizational and geographical space”. Although location can serve as an “incubator” for starting firms, networks and social capital are of great importance too. Arguably more than other sectors, creative industries rely heavily on the degree of social capital due to their vulnerability for high risks (Banks et al., 2000; McRobbie, 2002). For example, formalized career trajectories, learning stage models of business development embedded within banks, enterprise agencies, training programmes and other support institutions” are often missing in the creative industry sector (Banks et al., 2000, p.460). Therefore, aspects such as mutuality, trust and co-operation highly influence the outcome of creative industries (Coe, 2000). While larger firms acquire knowledge by the utilization of own internal resources, smaller firms like startups often do not have the means to depend fully on their own research and knowledge. Hence, startups learn by the produced knowledge from external resources, such as other firms or institutions (Scott, 2006).

Notwithstanding the emphasis on knowledge sharing in one’s own mutual interest and benefits (Bassett, Griffiths and Smith, 2002, p.173), another line of research suggest that social interaction within the creative industry sector is additionally supported through informal events (Currid, 2007). The processes of innovations take place via face-to-face meetings and are specific to local synergies that have been defined as “local buzz” (Storper and Venables, 2004), “noise” (Grabher, 2002), and something in the air (Crewe and Beaverstock, 1998). These scholars put a clear emphasis on the relevance of local proximity as a main condition for successful knowledge accumulation and exchange, in particular when it comes to the transmission of tacit knowledge.

On the other hand, globalization processes in the form of new communication technologies attracted new attention from scholars in recent years (Scott, 2010). This underlines not only the interplay between local and global networks (Simmie, 2005), but also the development of the internet in handling complex information transmissions. Unlike face-to-face, trust and spontaneous relations, the exchange of knowledge via technologies functions in a very different way. Owen-Smith and Powell (2002) refer to the term “pipeline” to explain the channels used in distant information exchanges. Their work on the case of Boston’s biotechnology industry shows that knowledge exchange is also highly acquired via strategic partnerships on an inter-regional and international scale. While the particular mix of local knowledge flows and global pipelines can “vary across value chains, technologies, market

segments and industries” (Bathelt, Malmberg & Maskell, 2004), previous studies have found that these two type of flows mutually reinforce one other, and are both required to ensure growth and innovation (Uzzi, 1996).

Alongside the importance of spatial relations of proximity, the work of Richard Florida (2003) on the rise of the “creative class” has intensified the debate on why creative individuals as defined by the “creative class” are attracted to particular cities. According to Florida (2004) the “creative class” consists of three different professional groups. One group called the “super-creative core” includes professions like scientists and engineers, economists and physicians. A second group is the “bohemians” and focuses on occupations in the fields of arts and production of media, entertainment and sports. These are for instance, writers, photographers, musicians and designers. A third group of the creative class are “creative professionals” who Florida perceives as highly qualified such as consultants, organizational professionals and legislative or political occupations. Florida recommends that political authorities should ensure urban amenities, openness and tolerance in order to attract the creative class (Florida, 2002; Florida et al., 2008; Florida and Mellander, 2010). It is most often that larger metropolitan cities show a high tolerance in their cultural values and norms by the expressions of sexual orientation, self-expression and cultural openness (Florida, 2002). Hence, the picture that emerges is one that explains the clustering of creative startups due to the high concentration of creative human capital.

However, Florida’s theories including the use of broad and loose concepts have been also perceived as far from convincing for a variety of cultural, geographical and economic scholars (Peck, 2005; Storper and Manville, 2006; Krätke, 2010). There is no justification for defining groups based on all the above mentioned professions –that ranges from finance sectors to technology sectors and creative sector –of the creative class (Krätke, 2010). Apart from reasons that the creative class is defined by arbitrary assignments, Florida has also been criticized for a policy that promotes neoliberal terrains, which thus would only favor the higher classes of society and reinforces inequality in city-regions (Peck, 2005).

### **The symbolic value of place**

The economic and social attributes may attract creative startups to locate in cities, but an additional reason may be related to the prompts and stimuli of specific places for the production of creative output (Drake, 2003). Here, cities are not only defined as ‘real’ and ‘geographical’ entities, but also subjective, imagined and emotional sites for individuals. As

noted by Zukin (1995) cities always have produced spaces attached to aesthetic ideas and cultural meanings, but it is the more abstract cultural representations that influence how cities are used and by whom (Harvey, 2008). Indeed, following a clustering perspective, Scott (2010, p.123) argues that creative industries can benefit from locality by the “knowledge, traditions, memories and images”. However, apart from Scott’s work, existing theory on clusters is mostly concerned with creativity and aesthetic value as a collective process. Drake (2003) raises this issue by emphasizing the role of locality for individuals’ creativity. The local environment can be used in multiple ways to stimulate or inspire the creativity of individuals who are employed in the creative industries (Drake, 2003; Helbrecht, 1998; 2004; Smit, 2011).

In reviewing previous literature on symbolic value and locality, classic works by Jacobs (1961) have emphasized the relation between urban place and the production of new things and works. Cities show a high amount of facilities, buildings and diverse populations which together constitute the historical and symbolic value of place. In other words, the physical environment and built environment provide not only a setting for economic production and human interaction, but also aesthetic inspiration for creative workers. This, in turn, is reflected in the way that products acquire place distinct reputations due to their local production systems, although being consumed similarly across the world (Molotch, 2002). Thus, cities as unique local places have strong influence on products character and identity.

Besides the visual environment, cities also provide local traditions, reputations or narratives that can function as a form of branding. So the reputations or traditions of a city can be aesthetically used for the production of creative content, but also commercially as a marketing tool. In this view, the look and feel of the location not only affects the visions and perceptions of creative startups, but also makes a statement to clients (Helbrecht, 1998). Smit (2011), for example, argues that the visual appearance of place enhances the creative image of firm and products. Furthermore, the visual environment of place is also considered important in influencing the “openness” of clients to ideas and products as proposed by creative entrepreneurs.

While creative industries are seen to provide place marketing and economic development for cities, the symbolic value of these cities should not be underestimated for creative industries. In this context of investigating the use of cities as symbolic sites for creative startups, it is also important to understand that this process highly depends on individuals’ own and

personalized perceptions (Helbrecht, 1998; Drake, 2003; Smit, 2011). For creative startups, product development occurs especially, but not entirely, among individuals in the upper managerial and creative hierarchy. In this sense, it is plausible to assume that founders of creative startups highly influence the firms' success and performance due to the small size and limited resources of startups (Chandler and Hanks, 1994). Creative startups become an extension of the personal founder, who thus may create or influence the production of aesthetic content.

## **What about “creative” cities?**

Alongside the economic, social and symbolic life of cities, the term “creative city” has received widespread attention in policy making and academic fields. The historical roots of this concept can be traced back to writings in the 1980s by scholars such as Törnqvist (1983) and Andersson (1985). Törnqvist's definition of a creative city focuses on the *creative milieu*, which can be characterized by their instability, transmission and storage of information, competence in activities and their level of creativity and high levels of communication (Törnqvist, 1983, p.97). In a similar vein, Andersson (1985) identifies creative milieus by six characteristics: knowledge and competence, a diverse milieu, an imbalance between needs and offers, good infrastructures for transport and communication, an unregulated financial basis and a structural instability. Both authors highlight the importance of structural instability, with great uncertainty about the future and therefore great potential to become a place of creativity (Hall, 2000). Broadly speaking, these structural instabilities take the form of rapid economic and social transformation within boundaries of larger urban areas, such as cities. Hospers (2003) argues that throughout the history various types of creative cities have become characterized as technological-innovative, cultural-intellectual, cultural-technological and technological-organizational cities (Hospers, 2003). However, it is much criticized in academic writings that there is no simple task to indicate precisely what “creativity” or “creative” entails here, let alone for the concept of “creative” city (Pratt and Jeffcut, 2009; Pratt, 2010). Hence, we need to take in mind that having creative city policies is not the same thing as being economically successful or having creative industries.

Although the idea of a “creative city” originates from academic works in the 1980s, it was only since the early 1990s that policy makers began to give it attention (Landry and Bianchini, 1995; Landry, 2000). Here, “creativity” was argued to solve cities' everyday problems, whilst setting conditions that bring about a more innovative and comprehensive

urban planning. The “creative city” was, at that time, understood as a regeneration strategy linked to creative interventions and cultural activities. However, as explained by Comunian (2011), related to promoting the potential of cultural production by the Department of Culture, Media and Sports (DCMS) in the new knowledge/creative economy, the concept shifted to a close relation with “creative industries” (DCMS, 1998). Furthermore, with the work of Richard Florida (2003) the concept of a “creative class” became to dominate the debate on creative cities in both policy making and academic studies. Florida argues that creative cities should not attract creative firms, but the creative people and entrepreneurs who work for these firms. Thus, a creative city is one that is mostly centered on talented and creative people, cultural amenities and a tolerant atmosphere.

While this concept of a creative city has become in recent years a major focus of local authorities, what is still missing, but perhaps also impossible, is a clear-cut explanation of the “creative” city’s potential. This is explained, for instance, by Pratt (2010, p.14) who offers a pragmatic and contextual analysis on the idea of creative cities and finds that the concept “stands as much for a political and social mantra as an urban, social or economic policy, or even an aspiration”. So, whilst creative city policies continue to lose precise meaning, they demonstrate foremost an instrumental character in terms of the place marketing of cities rather than the sustainability of creative industries (Pratt and Jeffcut, 2008).

Departing from this viewpoint, it is interesting, but also contradicting, that the creative economy –including its creative city policies –focuses on growth in terms of the production of creativity and innovation, whilst ignoring at the same time the perceptions of young and smaller firms such as startups. In particular, startups show more often the production of innovation because their resources and incentives are more mobile and flexible (Freeman and Engel, 2007). In addition, the lack of bureaucratic structures and formalized systems in startups can enhance creativity and innovation (Kanter, 2009). Apart from creative startups connection to innovation, they remain clearly important for job creation because they show larger rates of average net employment growth in relation to mature incumbents (Calvino, Criscuolo and Menon, 2015).

Therefore, this study will take a step back from the policy objectives on *creative cities* and focus instead on *how* such cities provide advantages for young and vulnerable creative industries. This perspective allows for a bottom-up approach by giving voice to creative startups’ (co-)founders. The danger of focusing on policy making objectives of cities lies in

the fact that it does not explain how these “creative” cities are understood by creative agents and industries themselves (Okano and Samson, 2010; Comunian, 2011). As such, how, when and why places are important for creative agents remain rather vague (Heebels and van Aalst, 2010; Pratt & Jeffcutt, 2009).

## **Data and Methods**

This study explores the perspectives of creative startups in Berlin by means of empirical interviews with 14 non-German (co-)founders. Semi-structured interviews ranged from 30-70 minutes –averaging about 45 minutes –and were collected during April 2017 and May 2017 in Berlin. The majority of interviews took place in the respondents’ workplaces, although some interviews were conducted in cafes or lunchrooms. In addition to the interviews, textual sources such as firm web sites and two short, open interviews with persons in the startup scene of Berlin have been used to support the analysis.

Whilst studying the high concentration of creative startups in cities, it is especially interesting to focus on the perception of non-German (co-)founders of creative startups. The assumption here is that international entrepreneurs in Berlin are somehow more “footloose”. To put another way, Florida (2002, p.751) claimed that creative entrepreneurs as “high human-capital individuals are more mobile and have many options”. This mobility of especially non-Germans entrepreneurs refers again to the paradox of place: while these (co-)founders could locate their creative startups “anywhere”, the benefits and quality of place becomes more crucial in location decisions (Drake, 2003; Smit, 2011). Another legitimate reason for the focus on specifically non-German (co-)founders of creative startups is related to the fact that almost 50 percent of startups in Germany are founded by foreigners living in Germany (Kritikos, 2016).

The study also employs a cross-sectoral design for multiple reasons. First, this allows for the identification of how cities are voiced as beneficial by different genres and fields within the production of aesthetic products and services. The different subsectors of creative industries constitute distinct and often contradictory logics by which producers are driven (Bourdieu, 1990). The field of aesthetic production and services is characterized by a continuous tension between economic successes (e.g. explicit market orientation) and artistic successes (e.g. aesthetic logic of practice). Creative startups can be understood as an area of production where the economic logic and artistic logic are intertwined at work: they are often associated

with a tech-oriented approach and economic high growth potential (IFSE, 2016), while their goods and services consist of high symbolic value (Scott, 1999). The interview sample thus opted for purposive sampling and was not designed to generate representative results for the whole sector of creative industries. Rather, this study explores whether there are differences or similarities within creative industries' subsectors and their perception on the economic, social and symbolic benefits of cities.

For the selection of creative startups we also utilized UNCTAD's (2010) definition of creative industries to distinguish various subsectors. UNCTAD's definition has been followed in this empirical setting due to multiple advantages. The definition was not only designed for cross-national research, but it also entails a broad categorization of creative industries; encompassing both cultural and technological dimensions. The inclusion of these two dimensions is important: creative startups are typically associated with a technological oriented approach and high growth potential (IFSE, 2016). Another advantage of UNCTAD's definition is that their classification distinguishes "upstream activities" (traditional cultural activities, such as heritage and arts activities) and "downstream activities" (closer to market activities such as, new media activities). Most prominently, UNCTAD (2010) includes seventeen industries: advertising; architecture; arts and antique markets; design and services; designer fashion; film and video; music and sound; performing arts; photography; publishing; printing; radio and television; software, computer games and electronic publishing; heritage and cultural sites; visual arts; cultural tourism; creative R&D. Appendix 1 gives an overview of the interviewed subsectors of creative startups.

In addition, the definition of "startups" is based on distinct and various criteria: (i) age, (ii) growth orientation and (iii) innovation (Deutscher Startup Monitor, 2013; European Startup Monitor, 2016). First, creative startups are younger than 10 years. Second, growth orientation was defined based the aim to grow in turnover or number of employees. Third, innovation was defined by either the complete newness, social impact, or the continuous renewal of products and services (Wijngaarden, Hitters and Bhansing, 2016). Although, innovation of startups can be related to the utilization of technology for the development of a scalable business model, this conceptualization may be less, or only partially applicable within the service and creative industries (Jaaniste, 2009). Therefore, another important selection criterion was the self-identification of being a creative startup as voiced by their (co-)founders. Furthermore, another important characteristic for creative startups is the type of financial investment they have received. New venture startups are funded mostly via self-

funding or bootstrap, angel investors, seed capital or venture capital (Hamilton, 2001). Appendix 2 listed all the above characteristics of the interviewed creative startups.

The respondents have been recruited via several strategies. Firstly, to find experts I became member of several social media networks for creative startups in Berlin. Different social media such as Facebook and LinkedIn provided contact with non-German (co-)founders. Secondly, several startup reports and guidebooks provided contact details of Berlin based international startups. Subsequently, contact with (co-)founders was established via e-mail or telephone to ask whether they were willing to participate in the research. Thirdly, snowball sampling was employed by asking for recommendations of acquaintances who might qualify for participation, leading to “referral chains” (Robinson, 2014, p.37).

The interview started with questions on background information of both (co-)founder and their creative startup. Hereafter, the main themes: economic benefits, social benefits and symbolic benefits of the city Berlin for creative startups were questioned. All the interviews were recorded, transcribed and analyzed by means of coding and categorization of text. Coding processes were according to the specific economic, social and symbolic benefits of creative cities and assisted by the software program Nvivo. The analysis employed a semantic and inductive thematic coding approach by exploring recurrent themes further through grounded theory (Braun and Clarke, 2006).

## ***Berlin***

Although the city Berlin was home to many creative individuals during the 1920s such as Walter Benjamin, Bertolt Brecht and Kurt Tucholsky, the growth of creativity in Berlin intensified especially after the fall of the wall and reunification of the city in 1989. The instable period after 1989 provided Berlin an unprecedented era of institutional, economic, physical and social restructuring. Nevertheless, the chaotic and vague planning situations functioned as a breeding ground for subcultural initiatives and experimental, non-commercial creative scenes (Ebert and Kunzmann, 2007; Lange, Kalandides, Stöber & Mieg, 2008; Colomb, 2012).

By the beginning of 2000s, the Department of Economy of the Berlin Senate started to integrate a “creative city” policy in its strategies (Colomb, 2012). This policy mainly targeted creative industries vital to the economic growth, partly due to the attraction of other industries such as urban tourism. Ever since, multiple strategies to encourage the success of creative



industries focused highly on the role of cultural clusters and entrepreneurship as exemplified by startup hubs, affordable work spaces and online platforms. In particular, Berlin established itself as one of the major leaders in the production of contemporary fine art and electronic music (Bader and Scharenberg, 2010; IFSE, 2016). Considering the growth and revenue statistics, it is not a surprise that Berlin's creative industries are in the strong focus of policy makers (Lange et al., 2008). In 2012 around 28,000 creative enterprises, earned over 16 billion euro in total revenue (Senatsverwaltung, 2012). This means that firms from Berlin's creative industries make up 10 percent of Berlin's gross domestic product and represent every fifth company within the capital and almost 10% of all creative companies in Germany.

Berlin provides a creative energy and succeeds in attracting people from all over the world. However, not only are Berlin's vibrant and lively creative scenes attracting international artists, but also entrepreneurs seemed to be attracted to the city. The number of startups in Berlin established by non-German entrepreneurs is increasing (Kritikos, 2016), while Berlin's startup ecosystem was ranked the highest in their growth index as reported by global startup ecosystem (Compass, 2016). A main factor that makes Berlin internationally attractive for startups is the invested venture capital (VC) in 2015 worth 2.145 billion euros, meanwhile London only ranked second by receiving 1.773 billion euros (EY, 2016). Furthermore, related to the increase in job opportunities, Berlin counts more than 185 different nationalities and officially amounts to 621,000 foreigners (IFSE, 2016). Most startups employ on average between 40 to 50 percent of their workers from non-German nationalities living in Berlin.

## **The importance of creative cities from the perspective of creative startups**

Surprisingly, UNCTAD's (2010) distinction between "upstream activities" such as, performing arts and (designer) fashion and "downstream activities" such as, advertising, cultural tourism, software, electronic publishing and creative R&D did not result in major different visions on cities' economic, social and symbolic benefits. Across all subsectors of creative startups most respondents had similar perceptions on the benefits of Berlin. However, in terms of symbolic value in the form of visual stimuli and inspiration, the city of Berlin played an important role for most of the performing arts, fashion and design (upstream) sectors, whereas most of the advertising, cultural tourism, software, computer games, electronic publishing and creative R&D (downstream) sectors perceived the visual stimuli and

inspiration of Berlin only partially important for their products, if not, not important at all. What also becomes clear is that the many different characteristics of creative startups, such as age, size and funding history are important for which and how economic, social and symbolic sites of Berlin are perceived as important. Moreover, creative startups are also boundary work: startups often combine upstream and downstream activities and are mobile in moving from upstream to downstream activities. For example, in this study an advertising agency strongly focuses both on delivering aesthetic designs (design sector) within their communication (advertising sector) services. Another example is a creative startup that started in the field of print publishing (upstream activity) but included in a later stage electronic publishing (downstream activity).

### ***The economic benefits of Berlin***

Although the creative startups differed remarkably in terms of age, size, funding histories and subsectors, a recurrent theme that arose for *all* creative startups was the availability of low cost spaces, often found in downtown Berlin. As pointed out by Stolarick and Florida (2010) cities with affordable studio and living spaces create lower barriers to entry for the formation of new firms. Moreover, the specific low cost of rents in urban areas can support creativity and innovation (Rantisi et al., 2006). In comparison to other creative cities such as London or Paris, Berlin remains affordable with 22 euros per square meter for office spaces (IFSE, 2016). What is more, even when compared to large German cities such as Munich or Frankfurt, Berlin still remains cheaper in providing working spaces:

*“As long as Berlin is affordable in terms of the lowest rental rates in Europe, many meals for under 7 euros and good public transportation this city lends itself to experimentation.*

*(Respondent 10 – advertising sector)*

Interestingly for six (co-)founders of creative startups the availability of co-working spaces was identified as highly beneficial for the financial costs of working space. At these co-working spaces (co-)founders and other entrepreneurs can obtain memberships or a contract for temporary workspaces. Co-working spaces offer collective office spaces (or desks) for entrepreneurs, ranging in periods from some days, a few weeks or months (Lange, 2011). A cultural travel startup stated for example:

*“The fact that I don’t need to pay an office space everyday helps to save costs. If necessary, I can even rent a conference room within this big co-working space.”*

*(Respondent 11 – cultural tourism sector)*

With regards to the economic benefits of clustering theories, at first sight, the (co-)founders did not recognize the economic advantage of specialized labour pools, local suppliers and local purchasers in Berlin. However, when the (co-)founders were asked to provide more economic benefits in comparison to other urban places, many respondents did cover the advantages of industrial agglomeration. For example, in relation to local suppliers, purchasers and transportation costs the (co-)founder of a fashion label explained:

*“Well here it is more globalized in Berlin –for the good and for the bad –but yes for sure it is easier to sell things abroad from here; to send packages and to receive them. In Argentina it takes longer, you can’t ship abroad because of the border police and there are so many rules.”*

*(Respondent 14 – fashion sector)*

It is also notable that respondents make reference to the beneficial infrastructure in terms of the central location of Berlin. These economic benefits were voiced as cost-efficiencies in terms of business travels to other European countries and cities. Frequently, the (co-)founders aim at a fast and global expansion for their creative startups. Therefore, the interviewed (co-)founders are regularly abroad and seek to find collaborations on a global scale. The following quote from the (co-)founder of a creative R&D startup explains the economic benefits of the Berlin’s infrastructure:

*The good part about Berlin –and this is what I really like –is that you can travel a lot for very cheap to any place. You can fly in one day to meet potential people in Paris, in London or Munich.*

*(Respondent 5 –creative R&D sector)*

The access to a local labor market for specialized skills was especially voiced as beneficial by creative startups which had more than five employees. According to these creative startups, the city of Berlin provided a lot of “talented” employees which are cheaper in terms of labor costs when compared again to other European cities. For example, the (co-)founder of an electronic publishing startup stated:

*“It was actually very easy, and we saw really talented people, so I was quite impressed by the level of talent we have here and how easy the process of hiring was. And that is maybe a benefit of the city as well, because you really had this quality that you would not find elsewhere.”*

*(Respondent 4 –electronic publishing sector)*

However, the other ten interviewed creative startups that only have a maximum of five employees sometimes mention the benefits of the local labor market, but often could not provide instances or examples in their own firm of these benefits. This could imply that the amount of employees affects how creative startups perceive the economic benefits of a specialized labor market. Part of this can be related to the fact that in young creative startups the (co-)founders are still the only employees. Furthermore, not all sectors of creative startups were convinced of the level of local specialized employees in Berlin. By contrast, the (co-)founder of a software startup feels that suitable or talented employees are scarce within the software sector:

*“When it comes to developers and designers all of them, the more digital professions of today, I would say that Berlin compared to other places outside of Europe for example, the Silicon Valley – really does not have not so much. The good ones are taken and if you have a digital project and need a background developer/designer it is very difficult....”*

*(Respondent 7-software sector)*

At the same time, for 10 creative startups, the global flows of suppliers and purchasers complemented the local economic benefits. One of the points here is that technology advancement bridges spatial boundaries for the search of local suppliers and purchasers such as financial investment and customers. Although all the “downstream” creative startups voiced the importance of a “good” investor, there was an apparent tendency for “upstream” startups to be less focused on financial investment. Some of the respondents even reject the idea of fundraising and try to grow by the idea of bootstrapping. This reflects the distinction earlier in the paper that “downstream” creative startups may be more focused on transnational capital flows which potentially lead to decentralization of production, deterritorialization of the creative process, and the delocalization of the creative product (Kong, 2014). The co-founder of an application firm stated for example:

*“For pitching your ideas, location doesn’t matter. If they are interested, they are interested. Finalizing the deal is mostly face-to-face obviously. But for obtaining or getting investors or customers it doesn’t matter... We have a lot of investors in Frankfurt and usually the pitching is always via skype call.”*

*(Respondent 3 –software sector)*

Some also mentioned explicitly other European capitals to be more beneficial for their next step of growth. These startups have often received financial funding and aim to leave Berlin at a later stage of development. Although Berlin received recently the highest amount of VC

capital across all European cities, this major influx is only due to a few startups (IFSE, 2016). Related to this, Berlin was also most often associated to have a good financial climate for particularly *deeptech* and *fintech* startups. None of the interviewed creative startups for this study have received VC capital and their funding came mostly from outside of Berlin. The (co-)founder of an electronic publishing startup described how he perceived other European cities to be more beneficial for larger funding:

*“Berlin is good as a seed startup, but I think Berlin also has its limitations. In terms of fundraising, there are larger investors in London. The network is bigger there and you are talking to bigger companies; to bigger players. Yeah you could get to the next level by moving to another city such as London.”*

*(Respondent 4- electronic publishing sector)*

### ***The social benefits of Berlin***

Interestingly, the creative startups did not articulate one coherent answer with regards to the social benefits of Berlin. However, many creative startups stated explicitly that their focus is on international partnerships and networks. Again, this was strongly tied to technological possibilities which make it easier for the search of international connections. Yet, when I specifically asked if local ties and local events have played (earlier) a role in the development of their creative startups, many respondents did cover the importance of local interaction and ties. The city was seen as a “buzz” environment, where individuals interact in forms of cooperation and communication with each other (Storper and Venables, 2004). Most participants reiterate the known theories about the effects of locating in cities, that spatial proximity is critical for new knowledge creation and business growth. This was especially the case for younger creative startups which are found in their earlier stages of development. For ten creative startups, local meeting opportunities in terms of events were considered to be valuable. The respondents identified Berlin as providing a high amount of industry events for the startup scene. These formal networking events are typically hosted at professional venues or “hubs”, where policies are aimed at knowledge and relationship forming through personal encounters (Gertler, 1995). For example, the (co-)founder of a fashion label mentioned the importance a local hub in Berlin for knowledge sharing and training:

*“Soho house” is the perfect place because for networking because they have a lot of events.*

*(Respondent 8 – fashion sector)*

Again, the age and newness of these creative startups may relate to the participation in these meet-up events. For example the (co-)founder of a software startup explained that his attendance in events was mostly during the beginning of his career in Berlin:

*“When I arrived here I used to be very pro-active in events and meeting people in Berlin. There are so many different networks besides Factory (co-working space) so you just have very good access to these people... “Berlin startup” for example, or “Berlin-Tech meet up”...”*

*(Respondent 13- software sector)*

At the same time, not all creative startups make use of the availability of local “startup” events. Three creative startups did not associate themselves as part of the “mainstream” startup scene that focuses foremost on the scalability of products with the use of technology. The creative startups asserted that they deliberately stayed away from startup events and gained their networks via word-of-mouth referrals or previous career positions. The (co-)founder of an advertising startup stresses that she finds networks through her existing ties:

*“I have been to very little of these events actually, because startup events are very focused on people who have a product they want to sell. So I don’t really feel like I am part of it. I find it actually easier to network through the network I already have.”*

*(Respondent 9 – advertising sector)*

Many creative startups indicated again the benefits of technological advancement. The use of a world-wide web for the enhancement of online networks plays an integral part in the search of social capital. This apparent tendency for creative startups to find increasing social exchange and collaborations via is particularly stressed by the use of online social media. For example, the (co-)founder of an advertising agency refers to the influence of Instagram in seeking talents:

*“I think a lot of it is coming from Instagram which is a crazy channel at the moment. So we would find local photographers and other creatives, and the stuff that they are doing over Instagram.”*

*(Respondent 10 –advertising sector)*

Similarly, the (co-) founder of a cultural travelling platform intensively used Facebook for social networking:

*“In December I was working pro-actively on all the networks of female travelers and there is plenty on Facebook... Monitoring everything and also being in contact with these girls have been really important for the development of my startup.”*

*(Respondent 11 –cultural tourism sector)*

When creative startups became more established, local informal networks often complemented their (inter)national networks. These findings corroborate with Heebels & van Aalst (2010) work on how the importance of local ties and interactions for creative entrepreneurs in Berlin changed with the entrepreneur’s stage of development. A fashion creative startup explained:

*“Some years ago, we did have to look for collaborations in Berlin, but now we get all these inquiries coming, we just decide in which ones to take part. We are constantly collaborating with people and it is very international. Photographers and bloggers are from all over the world.”*

*(Respondent 14 – fashion sector)*

Another recurrent advantage that arises across many different –both in terms of firms’ characteristics and subsectors –creative startups is the “openness” of social interaction within Berlin. Almost half of the respondents highlighted the “openness” as beneficial for the process of building local ties and finding collaborations. This openness was defined as Berlin’s special character and most respondents pronounced the “openness” of Berlin in comparison to business experiences in other European capital cities such as London or Paris. The “openness” of Berlin was indicated by the respondents in several topics. Many respondents associate a high degree of “openness” in terms of cultural diversity. This may be related to Jacobs’ (1961) idea that cultural and ethnic diversity is thriving creativity in large urban areas. Similarly to Jacobs, Florida (2002) argued that the “creative class” is attracted to cities with a diverse population and tolerant environment. The following quote from the (co-)founder of a creative software startup identifies the cultural diversity of people in the city:

*“I am sure it is first of all because life in Berlin is so cheap, but it is also multicultural with so many people from different countries. You have a lot of talent compared to different cities in Germany in Berlin you have many different people; from Italy to the Netherlands, so just a lot of internationals that help.”*

*(Respondent 13 –software sector)*

Another example of how “openness” was identified follows the idea that cultural variations between different places influence the success of firms. In the study of the “creative field”, Scott (2006) emphasizes that clusters with a high amount of firms that are willing to exchange knowledge with one another, will more likely show greater survival rates. The (co-)founder of an electronic publishing startup notes how firms in Berlin are open to interchange with one other:

*“I think that really an advantage of Berlin as compared to other cities is that in most capital cities companies are very established and less flexible in collaborating. They are less flexible in taking in new clients, testing new ways of working, and so on. Here, we worked with graphic designers, new edge designers, and other nice small companies –and we highly benefited from these nice small companies at that time.”*

*(Respondent 4 –electronic publishing sector)*

Although openness is here conceptualized on a meso level (firms), in a broader conceptualization it is also possible to think of the openness of cities in terms of the social interactions and behavior of individuals. For example, Zukin (1995, p.155) showed in her study on New York how “accents and appearance of waiters reflect distinctions between restaurants as well as menu, price and location” (as cited in Molotch, 2002). Likewise, many respondents in this study indicate that the shared cultural behavior in Berlin is perceived to differ from other European startup cities such as London and Paris. In the below comment the (co-) founder of an application software startup makes reference to social interaction and norms within Berlin’s startup environment:

*“And in terms of building relationships and meeting new people; the people here are so open and approachable. For example they glance at each other and smile –and then that’s it, you have met. In London it is more distant and cold. It is just more corporate and more structured. In London before you step into a meeting, you have to sign four non-disclosure forms, while you are thinking “Dude are you building like a nuclear machine or so? Just relax you know?” Yes, here in Berlin it’s just a little bit more bohemian and easy.”*

*(Respondent 7 –software sector)*

### ***The symbolic benefits of Berlin***

For 12 creative startups, the city was also used as a way to brand themselves. For example, most respondents take advantage of Berlin’s image as a “cool” and “open” environment. Creative startups communicate that they are based in Berlin as they believe the city is



associated with a certain “coolness” factor. Here the link with symbolic capital of cities becomes clearer: cities are not only geographical entities, but also associations and imagery related to culture and people’s shared memories (Zukin, 1995). This means that cities have reputations and can be of competitive advantage in the place-branding of creative startups and their products (Molotch, 2002). However, creative startups highlight that they rarely “explicitly” use Berlin as a brand in official documents or strategies. In other words, branding is a process that goes on largely via perceptions of the minds, and cannot be seen as a single technique or set of techniques (Anholt, 2010). This was evident in the way that (co-)founders communicate solely face-to-face that they are located in Berlin:

*“... we’ve been communicating that we are from Berlin. People find Berlin cool and see it as a progressive city. A lot of people associate the city with techno parties, underground culture and cool stuff. This helps us to promote our product; you could see the city as a professional tool that adds the “coolness”. The name of the city and the place gives a reputation for the product.”*

*(Respondent 2 –software sector)*

Moreover, the city did not only provide visual stimuli, but also served a catalyst for creative startups to connect to political themes of the city. Indeed, previous scholars identified the former West-Berlin as a fertile ground for progressive thinking and countercultural initiatives as exemplified by radical social movements (e.g., gay, student, punk and squatting movements) in the 1970s and 1980s (Colomb, 2012). Four creative startups mention how subcultures are important for the meaning of their products. For example, the (co-)founder of a fashion startup explains how the designs of her products relate to the nightlife culture of Berlin:

*“You know Berlin is a very free city in terms of following trends, people here they don’t follow the trends so much. However, you find that there is a “Berlin trend”, and it is very much influenced by sexual liberty and freedom. So if you look what we have done so far it is heavily influenced by the night life scene –that you can breath and live in Berlin.*

*(Respondent 14 –fashion sector)*

A branding and design agency in the field of advertising refers to Berlin by a process of constant reflection on local creative scenes. In this sense, creative startups not only use the city as a source of inspiration in the production of their products and services, but also attempt to add and contribute to the city’s reputation. This is also noted by Drake (2003, p.520); the

traditions of the city can be interpreted as a “poke in the back” for creative workers. Thus, inspiration is also derived from the urge to be a credible part of the city’s reputation:

*“So here I can literally walk down the street and there is inspiration. There is definitely a lot of osmosis happening, taking from the city and giving back to the city. I think that is also something that you see through our work. We link back to the types of creatives in Berlin out there.*

*(Respondent 10 – advertising sector)*

From the analysis it emerges that some respondents *actively* seek for inspiration in the environment of Berlin. Visiting local spaces and venues in Berlin was identified as an important part for gaining inspiration and ideas. One clear example is a fashion label who’s (co-) founder suggests that the design of her fashion is based on the experimental and “nightlife” atmosphere of the city. She visits clubs and parties (nightlife) in Berlin for inspiration, stimuli and new ideas:

*“... although I am personally not interested in fetish parties, I often visit them for inspiration. I am actually going tonight to a party for inspiration.”*

*(Respondent 14 – fashion sector)*

However, the importance of local environment for visual stimuli and inspiration should not be overestimated. To a large extent, the results indicate the distinction between upstream (aesthetic focus and practice) and downstream (market orientations) sectors. Downstream startups such as, software and R&D sector did not stress the significance of Berlin as a place for creative startups’ products or services inspiration. Here, Berlin was mostly important to (co-) founders’ personal lives during leisure time, but not primarily because of its potential for providing visual stimuli related to their creative startups. Furthermore, creative startups that have received (or seek to obtain) financial investments tend to focus strongly on their “global” identity, thereby relying less on locality as important for product development. These creative startups attempt to reach a wider audience and focus on a broader market than only the local market of Berlin. Therefore, some creative startups deliberately tap into identities from other places, while others focus on universal understandings and “global” elements in their work:

*“For us the city is not that involved in the design, it’s more the concept (of twins) for the designer we are working with. Since we talk with a lot of mothers, we have realized that all children brands use the same kind of animals. Similarly, we also try to find a concept that works for all, like our “day and night” idea; themes that are universally understandable. The cities have no link to it.”*

*(Respondent 8 – fashion sector)*

On the other hand, the creative startups that focused less on the commercial aspect of their products or services emphasize the relevance of Berlin for inspiration and ideas. These creative startups highlight the aesthetic content of their output, while revealing the dynamics between inspiration and the process of product design, as well as a broader sense for understanding the local environment (Helbrecht, 1998; 2004). For the (co-)founder of a fashion label, the physical environment and local cultures were considered to influence his products. He explains that the built environment and architecture are important:

*“The architecture is a great inspiration... We have gone out a lot to get inspiration from different buildings... ... In Berlin the color is black, everything needs to be black. Another architecture style which you can trace back in our design is the minimalism of Berlin. Our design tries to combine sustainability with minimalism.”*

*(Respondent 6 –fashion sector)*

Moreover, all the 12 respondents did not voice the reputation and image of Berlin as their core strategy to brand or put their creative startups on the markets. Instead, the reputations and brands of creative startups seemed to be stronger related to the quality of their products and services and their client-portfolio. The (co-) founder of a branding and design agency stated:

*“We mention that we are based in Berlin. This is a good thing because our clients who are also based in Berlin think –oh these are also guys from Berlin –instead of London. But it’s actually more about the stuff we do: for instance, if you’ve worked “with” or “for” other [clients].*

*(Respondent 1 – design sector)*

## **Conclusions**

This study has proposed to take a bottom-up approach by taking a step back from creative cities policies and their focus on the clustering of creative industries. Instead, it attempts to shift the focus from the consumption side to the production side of cities, by giving voice to overlooked, vulnerable, high-risk firms within the creative industries: creative startups. By conducting interviews with non-German (co-)founders of creative startups, the high concentration of creative startups in Berlin, in some ways, confirmed what previous research has shown about the spatial clustering of creative industries: the production of creative output is highly dependent on economic, social and creative benefits that are most often found in

larger urban areas such as cities. However, the study has highlighted that the location decisions of international “footloose” creative founders cannot be simply interpreted as a result of “creative city” policies (Florida, 2003). This is not to claim that soft factors, including the availability of cultural amenities and tolerant environments, are irrelevant for the location of creative startups. It means, instead, that attractive cities should also meet “classic” conditions factors (Musterd & Murie, 2011) while “social” conditions and the symbolic capital of place remains to a certain extent crucial for creative startups and their production of creative content. Thus, creative startups are situated in spatial, locational context (such as cities) which provides all kinds of economic and social resources, as well as imaginative meaning.

What is more, in its manifold understanding of cities’ benefits, the study has thus not only paid attention to which and how benefits are voiced by creative startups, but also to the complexity of creative startups’ nature, namely the different firm characteristics such as, age, size and funding history, and the distinction between cultural creative startups (mostly the production of upstream activities) and commercial creative startups (mostly the production of downstream). In the case of Berlin, it emerges that especially the symbolic value of cities in terms of providing stimuli and resources are more important to upstream startups that focus on aesthetic content rather than commercial success. For downstream startups such as, software and creative R&D startups, the city served less as a resource for product inspiration. However, both upstream and downstream startups used “Berlin” as a brand based on reputation and tradition. Hence, the study also shows that historical uses and cultural meanings of cities are valued in the production of creative goods and services (Drake, 2003; Helbrecht, 2004), but are by no means generalizable across subsectors of creative startups.

The case of Berlin including the city’s economic, social and symbolic benefits can also be understood in relation to other significant transformations in the last decades. Tapping into debates of globalization, respondents have highlighted a constant tension between the “local” and “global” embeddedness of creative startups (Uzzi, 1996; Bathelt, Malmberg & Maskell, 2004). Here, the many different characteristics of creative startups tend to affect the extent to which and how local resources are perceived to be beneficial. For example, the age and size of creative startups seem to play a role in the geographical scale of ties and networks, as well as in the participation in local social meetups (Heebels & van Aalst, 2010). Moreover, taking into account the growing use of technologies, in particular social media networks may help to understand how global resources alter the embeddedness of creative startups in local place

(Scott, 2010). In this study, creative startups often indicate the use Facebook and/or Instagram to complement the social capital of cities.

Given the contextual specificity of the city Berlin, an interesting challenge is to examine how creative startups voice the benefits of other creative cities. The sample consisted of non-German entrepreneurs whose creative startup is located in the city of Berlin. Cross cultural or cross national comparative research could explore the generalizability of the economic, social and symbolic benefits of Berlin. Furthermore, this study defines creative startups based on multiple criteria, such as the self-identifications of (co-)founders with a creative startup. However, this does not capture the popular and common definitions of “startups” as new ventures that focus on a scalable business model by the use of technology (Zacharakis, Shepherd, & Coombs, 2003). In this respect, it would also be useful to supplement the findings with a sample on creative startups that have received larger funding such as venture capital. In this way, it is possible to examine the extent to which commercialization mediates the relation between place and creative startups. Additionally, the broad definition of “creative industries”, and classification of “upstream” and “downstream” industries is in need of a more detailed analysis. The classification of creative industries can be further divided into categories such as, heritage, arts, media or functional creations (UNCTAD, 2010).

## Appendix I

The interviewed subsectors of UNCTAD’s (2010) creative industries definition.

Creative industries Subsectors	Total
Advertising	2
Cultural tourism	1
Design and specialized design services	1
(designer) Fashion	3
Performing arts	1
Software, computer games and electronic publishing	4
Creative R&D	2

## Appendix II

An overview of the interviewed creative startups' business characteristics.

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<b>Creative industries Subsectors</b>	<b>Total</b>
<i>Size of business</i>	
1 employee	2
2-5 employees	8
>5 employees	4
<i>Age of business</i>	
<5 years	12
5-10 years	2
<i>Funding history</i>	
Bootstrapping	9
Seed Funding	3
Angel Investment	2
Venture Capital	0

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