

## Creative Industries in History

This special issue of *Business History Review* brings together five articles on the decorative arts and the jewelry, fashion, and perfume industries from the nineteenth century until the present day. Collectively, they represent components of what can be broadly described as “creative industries.” Although their scope remains debatable, one widely used definition of the industries in this category was introduced by the economist Richard Caves in a path-breaking study published a decade ago. Caves described them as those “in which the product or service is the manifestation of the creativity or artistic abilities of an individual or a team.”<sup>1</sup>

As the authors make evident in their individual essays, the creative industries and the issues they raise are not represented in the business history literature to the degree that their size would warrant. The estimated earnings of the global fashion market came to \$100 billion in 2006; the global beauty market recorded earnings of \$382 billion in 2010; and the global revenue of the advertising business was \$430 billion in 2007.<sup>2</sup> Compared with the capital-intensive industries, such as railroads and automobiles or financial services, which have received enormous attention, the creative industries are treated more like orphans, although their neglect is somewhat offset by the extensive literature on gender and culture that incorporates considerations of leisure spending and entertainment.<sup>3</sup> The beauty industry has been more thoroughly studied in recent years, although the treatment has been uneven, and huge lacunae still exist, especially in the sector’s performance outside the United States. Cosmetics, for example, have received far more

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<sup>1</sup>Richard E. Caves, *Creative Industries: Contracts between Art and Commerce* (Cambridge, Mass., 2000), 1.

<sup>2</sup>The advertising industry estimate is from Standard and Poor’s 2007 Industry Survey on Advertising, by James Peters and William Donald. The fashion industry estimate is from Mintel Industry Report, “Luxury Goods Retailing (Global),” July 2006. For estimates of the size of the beauty industry, see Geoffrey Jones, *Beauty Imagined: A History of the Global Beauty Industry* (New York, 2010), 366–67; and industry statistics in the Global Market Information Database.

<sup>3</sup>See, for example, Angel Kwolek Folland, *Incorporating Women: A History of Women and Business in the United States* (New York, 1998); and Robert W. Synder, *The Voice of the City: Vaudeville and Popular Culture in New York* (New York, 1989).

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attention than perfume.<sup>4</sup> Although the fashion industry has been given short shrift by business historians until recently, a number of fashion historians have incorporated business issues in their studies.<sup>5</sup> The entertainment industry has also received more coverage in recent years, although hardly commensurate with its size and importance.<sup>6</sup> This special issue is an attempt to redress the insufficient attention that has been paid to the creative industries in the business history literature.

Fortunately, important insights on the subject can be found in the sociological, management, and economics literatures. Caves's definition is intuitively acceptable to people who associate the creative industries with goods that have cultural, artistic, or entertainment value. Arguably, a more satisfying definition of the creative industries was put forth by the sociologist Paul Hirsch, who defines them as businesses that produce goods and services carrying greater symbolic than material worth. Thus, for example, the material costs of a work of art—paint, canvas, time—are not the elements that drive its price. Rather, price is determined by a host of other, intangible, factors.<sup>7</sup> His definition permits a broader range of endeavors to find a place under the umbrella of creative concerns: the beauty industry, for instance, can more plausibly be classified as a creative enterprise under Hirsch's definition than under the one proposed by Caves.

<sup>4</sup>The most important recent studies of the American beauty industry include Kathy Peiss, *Hope in a Jar* (New York, 1998); Philip Scranton, ed., *Beauty and Business: Commerce, Gender, and Culture in Modern America* (New York, 2001); and Susannah Walker, *Style and Status: Selling Beauty to African American Women, 1920–1975* (Lexington, Ky., 2007). For Europe, see especially Eugénie Briot, "La Chimie des élégances: la parfumerie Parisienne au XIXe siècle: naissance d'une industrie du luxe," unpublished PhD diss., Conservatoire National des Arts et Métiers, Centre d'Histoire des Techniques et de l'Environnement, 2008; Nuria Puig, "The Search for Identity: Spanish Perfume in the International Market," *Business History* 45, no. 3 (2003): 90–118; Johan Söderberg, *Röda Lappar och Shinglat Hår: Konsumtionen av kosmetika i Sverige, 1900–1960* (Stockholm, 2001); and Steven Zdatny, *Fashion, Work, and Politics in Modern France* (New York, 2006). Jones, in *Beauty Imagined*, provides a global history of the industry since the nineteenth century.

<sup>5</sup>On Paris, the classic historical study remains Valerie Steele, *Paris Fashion: A Cultural History* (Oxford, 1998). Recent research, from a more business history perspective, includes Jill Fields, *An Intimate Affair: Women, Lingerie, and Sexuality* (Berkeley, 2007); Mary Lynn Stewart, *Dressing Modern Frenchwomen: Marketing Haute Couture, 1919–1939* (Baltimore, 2008); Regina Lee Blaszczyk, ed., *Producing Fashion: Commerce, Culture and Consumers* (Philadelphia, 2009).

<sup>6</sup>Gerben Bakker, *Entertainment Industrialized: The Emergence of the International Film Industry* (Cambridge, U.K., 2008); Peter Miskell, "The Film Industry in Twentieth Century Britain: Consumption Patterns, Government Regulation, and Firm Strategy," in *Business in Britain in the Twentieth Century*, ed. Richard Coopey and Peter Lyth (Oxford, 2009), 306–29; Peter Miskell, "Resolving the Global Efficiency versus Local Adaptability Dilemma: U.S. Film Multinationals in their Largest Foreign Market in the 1930s and 1940s," *Business History* 51, no. 3 (2009): 426–44.

<sup>7</sup>Paul M. Hirsch, "Processing Fads and Fashions: An Organization-Set Analysis of Cultural Industry Systems," *American Journal of Sociology* 77, no. 4 (1972): 639–59.

This literature has identified unique features of the creative industries that make them worthy of special attention. First, since the products have subjective qualities, their consumption is taste driven, making it difficult to predict success *ex ante*. Second, participants in these industries derive nonpecuniary benefits—such as artistic self-actualization—from their creations, making it difficult for producers to control or define the quality, features, and quantity of the artists' handiwork. Third, creative products can assume infinitely various forms, and some of them require a diverse set of skills for production. Fourth, there is a wide range of abilities among creative producers, leading to the establishment of hierarchies. Finally, creative products have contradictory temporal properties: timely introductions to the market are critical to their revenues in some cases, while other kinds (recordings of performances, for instance) may be more durable, leading to long-term revenue streams.<sup>8</sup>

These unique characteristics have prompted sociologists and others to formulate theories that explain the functioning of creative industries. Pierre Bourdieu's concept of a "field of cultural production" is one of the most influential.<sup>9</sup> In Bourdieu's view, organizations and entities, such as educational institutes and critics, "consecrate" certain products, generating demand for them. Educational institutes do this indirectly by reinforcing and reproducing the criteria for quality through their curricula, thereby continuing to influence the tastes of subsequent generations. The impact of critics on consumption, as wielded through their reviews and commentary, is more direct. Bourdieu thus explains the determinants of the consumption of creative and cultural goods by addressing the problems created by the subjectivity and infinite variety that exist among creative products, as well as the nonpecuniary motivations of the producers, who are endowed with a wide range of abilities. Bourdieu's conceptualization extends Howard Becker's notion of art worlds, applying it specifically to industries (rather than to art circles). As a result, his theory has been widely used by researchers who study the creative industries.<sup>10</sup>

<sup>8</sup>The most comprehensive compilations and review of these properties, which have been elucidated by various scholars separately, is provided by Caves, *Creative Industries*, 2–10.

<sup>9</sup>See Pierre Bourdieu, "The Field of Cultural Production, or: The Economic World Reversed," *Poetics* 12, nos. 4–5 (1983): 311–56, translated by Richard Nice. Also see Pierre Bourdieu, "The Market of Symbolic Goods," *Poetics* 14, nos. 1–2 (1985): 13–44, translated by Rupert Swyer.

<sup>10</sup>See, for example, Yuniya Kawamura, *The Japanese Revolution in Paris Fashion* (New York, 2004); Morris Holbrook and Michela Addis, "Taste Versus the Market: An Extension of Research on the Consumption of Popular Culture," *Journal of Consumer Research* 34, no. 5 (2007): 415–24; Robert Defillippi, Gernot Grabher, and Candace Jones, "Introduction to Paradoxes of Creativity: Managerial and Organizational Challenges in a Cultural Economy," *Journal of Organizational Behavior* 28, no. 5 (2007): 511–21; Shyon Baumann, "Marketing, Cultural Hierarchy, and the Relevance of Critics: Film in the United States, 1935–1980,"

The pioneering German sociologist Georg Simmel took into account audiences and consumption patterns when examining the interaction of creativity and commerce in the world of fashion. He explained people's seemingly irrational drive to change merely superficial (as opposed to functional or utilitarian) aspects of apparel on the basis of class and status distinctions among various strata of society and on the contradictory human tendencies to favor individualism and uniformity simultaneously. Simmel was acutely aware of the paradox inherent in the business of fashion, which, he stated, "is a form of imitation and so of social equalization, but, paradoxically, in changing incessantly, it differentiates . . . one social stratum from another. . . . The elite initiates a fashion, and when the mass imitates it in an effort to obliterate the external distinctions of class, abandons it for a newer mode." Thus, it would appear that, in some sense, the creative industries are defined not only by their output (a supply-side definition, so to speak), but also by the pattern of their consumption (a demand-side definition), which is driven by high-status, well-informed, and sophisticated early adopters, who demand exclusivity in return for their willingness to bear risk. While, on the one hand, early adopters desire wider acceptance of exclusive creative products as a validation of their good taste and social status, on the other hand, they hope this does not occur, because widespread adoption of a particular fashion removes their distinction as people with highbrow tastes. This inherent paradox in consumption may not only drive the economic fortunes of creative industries but also maintain their creative nature.

As is to be expected, the nature of such industries has been much debated, since their firms have to confront and balance the opposing pressures of creativity and commerce.<sup>11</sup> In order to better understand this paradox and the balancing act it requires, some scholars have proposed a value-chain perspective that takes into account the various production stages that creative industries undertake.<sup>12</sup> This approach to

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*Poetics* 40, no. 4 (2002): 243–62; Marie-Laure Djelic and Antti Ainamo, "The Co-evolution of New Organizational Forms in the Fashion Industry: A Historical and Comparative Study of France, Italy, and the United States," *Organization Science* 10, no. 5 (1999): 363–86; C. J. Van Rees, "How Reviewers Reach Consensus on the Value of Literary Works," *Poetics* 16, nos. 3–4 (1987): 275–94; Howard Becker, *Art Worlds* (Los Angeles, 1982).

<sup>11</sup> Joseph Lampel, Theresa Lant, and Jamal Shamsie, "Balancing Act: Learning from Organizing Practices in Cultural Industries," *Organization Science* 11, no. 3 (2000): 263–69.

<sup>12</sup> Andy C. Pratt, "Cultural Industries and Public Policy: An Oxymoron?" *International Journal of Cultural Policy* 11 (2005): 29–44. See also Mark Jayne, "Creative Industries: The Regional Dimensions?" *Environment and Planning: Government and Policy* 23 (2005): 537–56; and Robert DeFillippi, Gernot Grabher, and Candace Jones, "Introduction to Paradoxes of Creativity: Managerial and Organizational Challenges in the Cultural Economy," *Journal of Organizational Behavior* 28 (2007): 511–21.

the sector builds on work that downplays Bourdieu's "solitary genius" conception of creativity and emphasizes instead the importance of a "system" of social relations and economic exchanges.<sup>13</sup>

The locus of activity in creative-industry firms suggests that creativity is dispersed, rather than concentrated in an individual or a team. This view also helps to explain the coexistence of "high" and "low" forms within an industry. A managerial infrastructure is part of the system that mediates between creativity and consumption and maintains the balance between the two, seemingly opposing, logics of creative work and commerce.<sup>14</sup> The balance allows for the creation of purely artistic products (such as independent films) and the production of more popular and sellable works (such as market-research-driven Hollywood films). Thus, creativity is inherent in the entire system of producing goods bearing symbolic meaning.

Despite the revelations that have emerged from studies of the creative industries, several issues have been largely overlooked in the theoretical literature. For instance, although the notion of a field of consecration is intuitively appealing, it is not clear how well defined such a field is. Do critics and educators arrive at their assessments in a coordinated manner? If so, how do they reach agreement on assessments and pronouncements? Or are they atomistic individuals and entities, having a collective impact only by accident? If the latter is the case, why do their tastes so often converge, leading to a winner-takes-all situation in the creative sector? How and why are these agents of consecration themselves legitimized by the lay public and consumers?

A range of unexplained issues is attached to the notions of "high" and "low" art or culture. Some scholars consider the output of most creative industries low art, by virtue of the fact that it is produced for consumption by the lay public and is not the product of creativity for its own sake.<sup>15</sup> However, other researchers believe that there are "high" and "low" forms within each category of creative output.<sup>16</sup> Perhaps such a duality is critically necessary, for any one form exists and can be defined only in juxtaposition with the other. The question then arises,

<sup>13</sup>See especially Mikhail Csikszentmihalyi and I. S. Csikszentmihalyi, *Optimal Experience: Psychological Studies of Flow in Consciousness* (New York, 1988). See also Bourdieu, "The Field"; and Harrison White and Cynthia White, *Canvases and Careers: Institutional Change in the French Painting World* (New York, 1965).

<sup>14</sup>See Paul Thompson, Michael Jones, and Chris Warhurst, "From Conception to Consumption: Creativity and the Missing Managerial Link," *Journal of Organizational Behavior* 28, no. 5 (2007): 625–40.

<sup>15</sup>See Clement Greenberg's essay on avant garde and kitsch in *Art and Culture: Critical Essays* (Boston, 1961).

<sup>16</sup>See Herbert J. Gans, *Popular Culture and High Culture: An Analysis and Evaluation of Taste* (New York, 1974). See also Caves, *Creative Industries*, 9.

What defines these forms, and what distinguishes them from each other? What maintains the distinctions? According to the Hirschian definition of creative goods, the distinguishing feature cannot be merely price. Nor can creative skill and production quality distinguish the two forms. Do widespread acceptance and consumption diminish the value of products classified in the “high” category? How do producers balance the goal of being perceived as purveyors of “high” goods with the desire to maximize revenues?

History provides compelling, largely unexamined, evidence on issues surrounding creative industries. The first article in this special issue, by Charles Harvey, Jon Press, and Mairi Maclean, uses the case of the British Victorian textile designer and artist William Morris to explore a fundamental issue at the heart of the scholarship on creative industries: how are consumer tastes influenced and constructed? The article, which employs Bourdieu’s theory of the social structural origins of taste formation, presents a process model consisting of four steps: objectification, legitimization, transmission, and institutionalization. In keeping with the concepts of Becker and Bourdieu, the authors of this article demonstrate that creative pursuits are not solitary endeavors. Rather, they require an entire ecosystem of actors who consecrate certain products by imbuing them with the symbolism that is the *sine qua non* of creative industries, as Hirsch stipulates in his definition. Harvey, Press, and Maclean also underscore the importance of creative industries and producers to the cultural fabric of society. By demonstrating the recursive relation between William Morris products and social mores, the authors point out that creative industries not only reflect contemporary social customs and norms but also influence, create, and change them.

The articles by Veronique Pouillard on fashion and by Eugénie Briot on perfume deal with the Simmelian paradox of the constant balancing act between maintaining exclusivity and striving for broader acceptance. Pouillard’s essay applies the lens of intellectual property rights to reveal how different national approaches to creativity interacted with and affected fashion businesses in France and the United States during the interwar period. France, believing that fashion was high art, protected designs by law, while the United States did not subscribe to the French belief in the highly creative nature of fashion design and therefore did not provide it with copyright protection. Pouillard’s article is a timely reminder of the duration and intractability of recent debates about whether designs should be protected from copying, and whether fashion shows should be made more accessible—a step that would also increase the likelihood of rapid knockoffs—in order to encourage greater customer interest in high fashion.

Eugénie Briot's article on the French perfume industry in the nineteenth century approaches the Simmelian paradox from another direction: the potentially commodifying impact of technological advances on the creative industries. As knowledge of chemistry and production technologies advanced in the nineteenth century, it became possible for perfumeries to manufacture their products cheaply, and thus to achieve mass-market appeal and greater revenues. Briot shows, however, that rather than diminish the exclusivity of their products, perfumers chose to imbue them with symbolic value and position them as luxuries. This chronicle of the perfume industry presents evidence that reinforces not only the pervasiveness of the Simmelian paradox but also the validity of Hirsch's characterization of the creative industries.

Two articles—Francesca Carnevali's on jewelry manufacturing and Mukti Khaire's on Indian fashion—explore various aspects and levels of dissemination and democratization in the creative industries. Carnevali's study of late-nineteenth-century jewelry manufacturers in the United States links design imitation and technological changes to democratization. In this case, democratization was the result of entrepreneurial businessmen harnessing advances in technology to transform the highly skilled craft of jewelry-making into a deskilled industry that used common, rather than precious, metals to make inexpensive jewelry. These entrepreneurs minimized risk by imitating the designs that were used to make gold and silver jewelry. Thus, jewelry, which until then was the province of the rich and privileged, became available to all. The brisk business done by these jewelry manufacturers demonstrates that the products of creative industries are universally desired across society.

Until recently, fashion was characterized as a Western phenomenon, prevalent in societies that not only encouraged individuality and change but also possessed the wealth to enable both elements.<sup>17</sup> A study of the interwar dissemination of the idea of the "modern girl," which includes considerations of Asia and Africa, has challenged such narrow assumptions.<sup>18</sup> By demonstrating that fashion is not only a Western phenomenon, the final article, by Mukti Khaire, further asserts that fashion became democratized as a system on a global level. In tracking the emergence and growth of a high-end fashion industry in India from the mid-1980s, she demonstrates that the industry was shaped by strong consumer preferences that, in turn, arose from the particular Indian context. The article raises the question of whether Indian fashion

<sup>17</sup> Georg Simmel, "Fashion," *American Journal of Sociology* 62, no. 6 (1957): 541–58.

<sup>18</sup> The Modern Girl Around the World Research Group, *The Modern Girl Around the World* (Durham, N.C., 2008).

will remain distinct in an increasingly globalized market. Khaire's exploration of the global spread of fashion connects issues that the other articles also address: How is taste formed? How is it determined and constructed by contextual and historical conditions? How do seemingly elitist commercial activities spread to less privileged economies? Is the form they take in these new contexts similar or dissimilar to their form in the original contexts? Finally, how does the study of creative industries help us to understand society and culture? The authors demonstrate how historical evidence can be used in a dynamic relation with theory to deepen our understanding of these industries and inform the construction of theories at a more complex level.

— Walter A. Friedman and Geoffrey Jones