Clusters, Filmmaking and New Choices
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One of the dictums of Estonian cultural policy that has been oft repeated recently is that art masters must unite into "clusters". From the border areas of culture creation, we also have received signals like the development of a "culture and health" cluster in Haapsalu, as well as the operation of an "ecotourism cluster". Moreover, at the core of art creation, a film cluster is now operating with official support from Enterprise Estonia. To start, we can conclude that the processes of culture creation (who is creating, why and under conditions) are increasingly influenced by a new logic – clustering. Therefore, we ask, what is happening? And what does it mean for Estonian culture?

Let's start by defining clusters. There is a stricter old-fashioned definition as well as a softer, modern definition. According to the definition developed by Michael E. Porter, a well-known American scholar of entrepreneurial strategies, clusters are geographic concentrations of interconnected companies. They are connected through monetary-commercial relations or, in other words, comprise various value chains. This is a conservative interpretation, which was applied to all sectors of the economy. The assumption is that the concentration in a suitable location helps to increase cooperation between companies and promotes information exchange and the coordination of activities. It also helps to save on certain costs and enables the optimisation of the role of the companies in the value chain. Thus, a "cluster effect" is born, which makes the activities of all the institutions in the cluster more productive, thereby ensuring their growth and finally also the growth of the economy and the advancement of the general living standard in the area where the cluster is located.

However, as mentioned above, this interpretation is relatively conservative and is actually not very relevant when we are speaking about the networks of institutions related to the "production" of culture. Creative clusters do not necessarily develop in areas where it is "efficient to produce", where the required natural resources exist, or which have good logistical locations. Rather, they develop where attractive cultural dynamics, other creators and suitable surroundings already exist. In addition, the commercial-monetary relations between the companies are less important than the existence of informative opportunities to do creative work and exchange ideas with people sharing the same views. Since "intellectual capital" is a specific strength of creative enterprises, this emphasis on the exchange of knowledge is quite logical.

On the other hand, we are also dealing with a form of risk management. As a rule, creative enterprises are very small and creative work is relatively unstable – much of it is project-based and seasonal, and these micro-sized companies often need to assemble into teams in order to execute larger projects. Therefore, constant professional communications help to ensure "being involved in the next project," in finding new work. Thus, creative enterprise is characterised by the constant pressure for "hyper-socialisation" and clustering is the organic result of this need. At the same time, we notice that the classic economic motives to optimise production costs through closer cooperation and to seek higher productivity through collaboration also lead to clustering.

However, in the end, who is involved in clustering? Is it characteristic of all creative fields? Not really. Clustering can be the direction in areas where companies are involved. The fine arts and fields of activity with geographically dispersed public or state institutions (theatres, art museums, and orchestras) are generally less important from the viewpoint of creating economic value. In other words, the creation of clusters is the trend in areas where the primary institutional agents are companies, i.e. mainly in fields of activity that are classically called content industries – film, television, publishing, recorded music, online entertainment and computer games, as well as the fields that support them, i.e. advertising, design, production and communication technologies. These are fields where large-scale clusters are predominant in many places around the world.

The researchers at Tallinn University recently conducted a thorough study of the clustering of Estonian companies involved in filmmaking. Its future potential is being examined also by a cross-innovation project led the City of Tallinn and financed by the EU Interreg programme. Below, I will examine the results of these studies.

The assessment of the potential of clusters based on the existing situation can be started on a positive note – the Estonian film industry is already characterised by diversity and the strength of the internal "horizontal" relationships between the creators. In other words, the field of activity is internally firmly integrated – the companies and creators do not keep to themselves but cooperate from project to project. It is noteworthy that many of the film companies have settled in the northern section of Tallinn's city centre – in the port area, Kalamaja, and Pelgulinn. This geographical concentration undoubtedly supports the future development of the cluster.

However, the organisational weakness of the film industry is a problem from the integration viewpoint. The Estonian Filmmakers' Union is in a state of stagnation and therefore the field of activity has splintered into tiny organisations that operate as spokespeople (the producers' association, documentarians' guild, feature film directors' organisation, animation association, etc.) and that are individually incapable of integrating the field as a whole. We will see if the recently established Estonian Film Institute becomes the new dialogue platform for the industry or whether the new Baltic Film and Media School (BFM) building, as a public spatial environment right in the centre of the city, has more potential. At the same time, there is still no film studio around which the cluster could actually converge.

Another problem is the insufficiency of government financing for film production on the one hand, as well as the current inability of the studios to involve private investments in production. The general lack of sales and marketing skills is also evident. All of the above is amplified by the fact that, with individual exceptions, the companies are generally very small and live from hand to mouth, from project to project. At the same time, an advantage is that these same companies are relatively ambitious and ready for export. The majority of the companies expressed an interest in collaborating with foreign production partners and an orientation toward foreign markets.

The need to operate internationally is based on the small size of the Estonia's own market. Existing studies from around the world show that a functioning domestic market is of key importance for the vitality of the cluster. However, Estonia's small market is truncated by 50% because only the two largest cities provide the opportunity to view films in a cinema on a daily basis, to buy tickets and comprehend films as a collectively experienced culture.

The situation is being alleviated by the development of various streaming services, but the revenues from these are relatively small. However, there are opportunities for generating earnings from the creative reuse of intellectual property in other platforms (computer games, mobiles, social media, etc.), i.e. cross-media solutions remain mostly untried by the Estonian film industry.

From here we arrive at the question of what kind of cluster Estonian filmmakers would themselves want. Four scenarios become clear from the given studies. Firstly, an actual cluster comprised only of film companies assembled around a new production centre (including a studio). Secondly, a similar cluster, which is comprised of a more broad-based circle of companies including companies involved with TV content, online services and the development of related technical solutions. The third and fourth are so-called virtual versions of the previous two options, in which there is no concentration in a production centre, but communications are more efficiently carried out between either a smaller group limited to film companies, or a broader group of companies involved in the development of content and solutions related to various screen media.

From the interviews it became clear that a small, but more vocal, group of filmmakers exists who prefer the absolute independence of the film industry – in order to ensure "quality" and prevent dissipation. However, another group, of mostly younger citizens, demonstrated a willingness to seek contacts and cooperation opportunities with the IT sector, preferring a multidisciplinary cluster that combines film, television and online services with the development of related technologies. The purpose of this integration is to develop new era-specific services. For instance, there has been a lot of talk about the new possibilities of audio-visual arts based on the development of video-based training in many fields, especially healthcare.

The fact that the majority of the companies in the field lean toward the latter option, and therefore in the direction of actual geographical concentration, became evident at the focus group seminar held at the BFM at the beginning of November. The exchange of ideas continued at the seminar held in the wake of PÖFF, where common ground was sought with the audio-visual sector and Estonia's scene of emerging companies. The topic will be kept current by the BFM, which has introduced areas of specialisation in "cross-media production" where the students are already executing interesting film-expanding cross-media projects.

From here, we arrive back at the question of how to influence clustering in Estonian film culture? Here we have two main scenarios. The first is the closer integration limited to the film field – by additionally coordinating the strengths of various companies, cost saving can be realised related to both marketing and access to production equipment. Closer contacts create a basis for the rapid exchange of ideas, new undertakings, etc. This means, that in addition to improving productivity in the economic sense, the potential also exists for the improvement of the artistic standard. However, most important is the fact that once the cluster is started up, the field of activity is strengthened primarily institutionally. The growth resulting from joint activities ensures the strengthening of the studios and the general professionalization of artistic creation.

An alternative scenario would see the film industry combining its undertakings with the companies in the ICT sector, in order to devise new activities on new media platforms. Such a cluster would most likely possess all the aforementioned advantages, but would probably also be more open to innovation, more independent of government financing and therefore able to grew faster than the slow growth of government finances allows. Moreover, it would also provide more job security and more stable incomes for the art masters in the field. However, it must be emphasised that such a cluster, which presumes opportunities for cross-innovation and the development of cross-media, is not only important for the increase of revenues and the safeguarding of jobs. The opportunity to translate stories from one platform to another and to create poetic bridgeheads between them possesses inexhaustible artistic potential, the discovery of which is still in its infancy today. In this way, more interesting challenges could be found for art pioneers than just the repeated trawling of familiar paths and genres.

In summary, the film industry is faced with a choice. The need for new production infrastructure is included in the new development plan for this field of activity that was determined through democratic discussions with the involvement of all the interested parties. It's known that several private investors are ready to develop both a production studio as well as other premises for a possible "concentrated cluster." The question now is: does the film industry want to remain insular or is it seeking the unknown that is typical of the era in order to expand its area of activity.

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