

Soho

the world's
creative hub



Introduction

This report summarises research prepared for Soho Create and the City of Westminster between October and December 2013. It aims to:

- Present a robust set of facts and figures that confirm the image of Soho/Westminster as one of the most important creative hubs in the world
- Present insightful results which can provide, in one figure, something that sticks in the mind
- And therefore to support the development of a compelling story for Soho Create.

To meet these aims, this report contains:

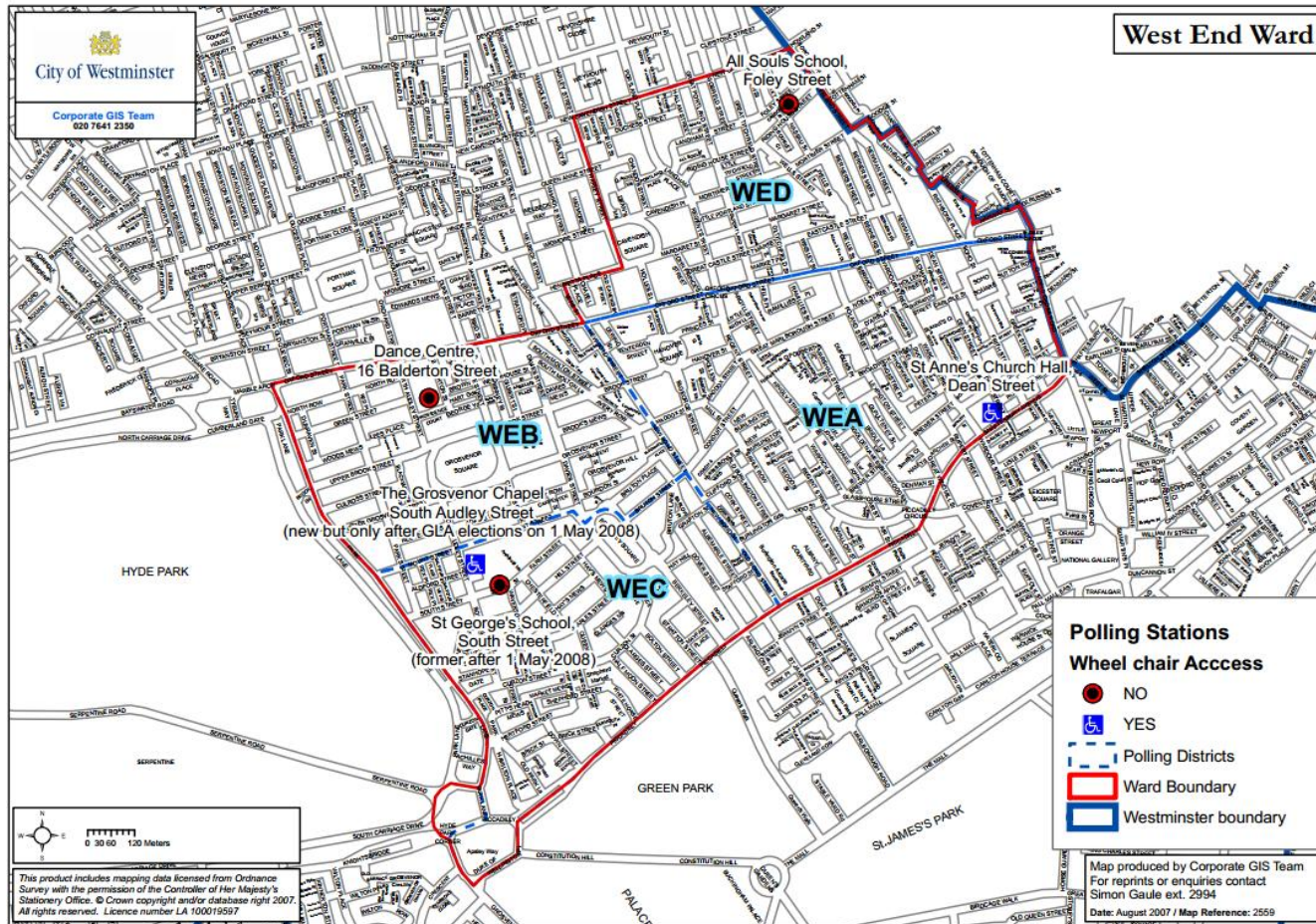
- Section 1: Review of secondary research
- Section 2: Creative employment data, newly developed for Soho Create
- Section 3: Case studies of successful creative businesses based in Soho
- Section 4: A brief summary of original data on award winners developed for Soho Create. The full data is presented as a separate excel file.

Headlines from this research emphasise that the Soho success story is neither myth nor coincidence:

- There is strong evidence of Soho's creative strengths, both as the site of much of the UK's successful creative industries, either as the hub of the UK VFX industry, for its eight theatres, or for its historical importance as the site of the invention of the television, or of the legendary Colony Rooms.
- Soho is the capital of creative employment. More than 1 in 5 jobs in London's creative industries are located in Soho, and this percentage has grown - by 25% in between 2009 and 2012 - whilst the rest of the British economy was flat.
- Our case studies show that in addition to well established world leaders (Double Negative, Ingenious Media, BBH) there is a vibrant start up scene (ChannelFlip, Digital Theatre) creating a unique and very attractive context. The members' club Soho House was established on the premise of exporting this desirable, creatively-led Soho lifestyle across several world cities.
- Soho's businesses are world leaders in their field, and we were able to trace nearly two hundred major creative awards from the last ten years back to Soho.

Defining Soho

- The smallest statistical region that overlaps Soho is the West End ward, roughly the W1 postcode and this has been adopted for our research as the closest available measure.



Section 1: Review of secondary research

Section 2: Creative employment data

Section 3: Case studies of successful creative businesses based in Soho

Section 4: A brief summary of original data on award winners developed for Soho Create

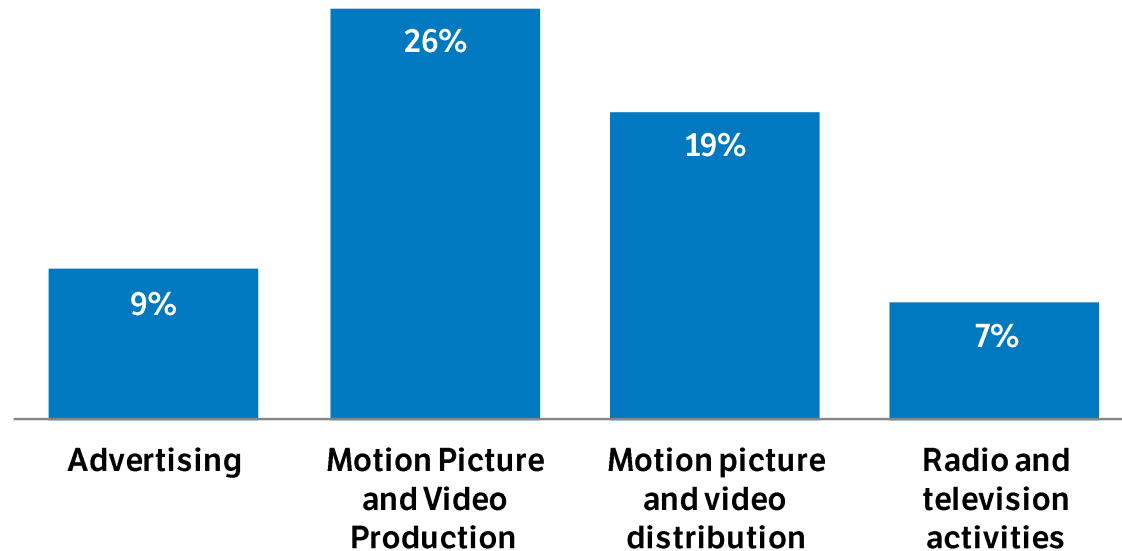
1.1. The UK's creative industries lead the world

- There are 2.5 million employed in the UK's creative economy - 9% of the UK workforce (NESTA, 2013)
- “The UK has the largest creative sector in the EU, and relative to GDP probably the largest in the world.” (Work Foundation, 2009)
- The UK has 29% of the global art and antiques market; the second largest market in the world (Arts Economics, 2010)
- In advertising, the UK leads the world's ranking for advertising excellence and is the third biggest globally after the US and Japan, with London the European hub of choice for major agencies. (Work Foundation, 2012)
- The UK is the largest producer of TV and radio content in Europe, with only the US generating more value from TV exports (UNCTAD, 2010)
- The UK has the largest number of computer games studios in Europe, and is the third largest producer in the world. (BIS, 2011)
- The creative sector represents 7.3% of the economy comparable in size to the financial services industry (Work Foundation, 2010)
- The UK has the biggest developer base in Europe, and is home to 48 of the world's top 100 development studios. (UKIE, undated)
- London dominates all these sectors: one-third of the UK's creative jobs are based in London. (BOP, 2011)

1.2. The W1 postcode closely approximates to Soho's boundaries and is a noted media Cluster

- The UK film industry, centred in Soho, contributes to London's economic outperformance. The core film industry has experienced a strong upward trend in their growth (+250% in 15 years) (Oxford Economics, 2011)
- 1 in 5 jobs in film distribution in the UK are located in Soho (see right)
- The entire production chain is available in an area of about one square mile

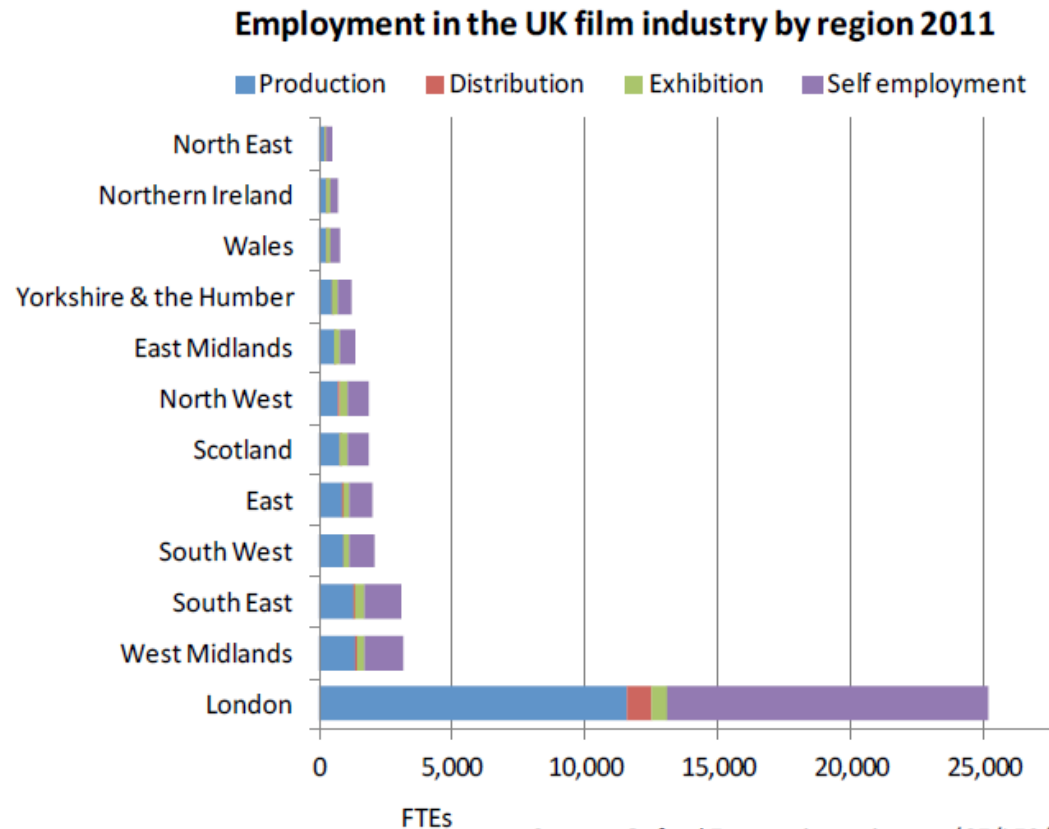
W1 share of national employment per sub-sector (pre-2010)



Source: Pratt (2010) Clustering of the media industries in London

1.3. Central London has specific strengths in film & TV

- Soho is the heart of the UK's film sector - a sector that generates up to £4.6bn and 117,400 jobs (BFI, 2011)
- 80% of the workforce in film production is based in Central London (Creative Skillset)
- 98% of the VFX work force is based in Central London (Creative Skillset)
- 70% of the work force engaged in film and TV production in the UK are employed by firms located in Soho (CBR, 2000)



Source: Oxford Economics estimates/CE/LFS/BRES

1.4. Soho is well-known for both VFX and as a film location

- The major VFX companies, Double Negative, Framestore and MPC, were mentioned in four of the main reports we reviewed (Sources: TSB (2009) Creative Industries Strategy; Skillset (2009) Sector Skills Assessment for the Creative Media Industries in the UK; BFI/Oxford Economics (2012) Economic Impact of Film; Nesta (2010) Next Gen [Hope Livingstone Review]).
- “This year three of the five films nominated for the Oscar for Achievement in Visual Effects were entirely or significantly created by these companies. Double Negative visual effects supervisors were nominated for Inception and Iron Man II, and Framestore and MPC Supervisors for Harry Potter and the Deathly Hallows Part 1. Framestore is a past Oscar winner (2008). The Mill heralded the arrival of the UK on the visual effects map with its Oscar win in 2001. As the industry has grown, so it has enabled numerous new companies to set up and work on these high-end effects films. The UK is also a global centre for visual effects work in commercials, with The Mill, Framestore and MPC attracting work from all over the world. The UK also boasts some of the world-leading companies producing technology and tools for the visual effects industry. The Foundry, for instance, has developed Nuke, the industry standard for compositing”. – Nesta, 2012
- Films which were made in Soho include: War Horse, Sherlock Holmes, The Chronicles of Narnia, Inception, Iron Man II, The Dark Knight, Hellboy II, Avatar, Pirates of the Caribbean, Batman Begins, The Dark Knight, Bourne Ultimatum, Prince Caspian, The Voyage of the Dawn Treader, Clash of the Titans, Prince of Persia, The Sorcerer’s Apprentice, The Da Vinci Code (Various sources).
- Films which used Soho as a location include: Eyes Wide Shut, Bend It Like Beckham, The Look of Love, Trance, About Time, Highlander, Match Point, Naked, The Long Good Friday, Miracle in Soho, Night and the City, Love Is the Devil (Various sources)

1.5 Digital is integral to the creative economy, and despite the hype around Tech City, Soho is an established digital hub

- Approximately 24,000 ICT and software companies make London the undisputed European digital capital (GLA quoted in Demos, 2012)
- Design is heavily dependent on the digital sector. 48% of design businesses categorise themselves as “Digital and Multimedia” (Design Council, 2009)
- Soho is the densest area in Europe for ICT companies (GLA quoted in Demos, 2012)

Soho is also a vibrant, attractive part of London

- Soho is the second most employment-dense area in the country with more than 4 jobs for each resident (the City is first)
- Oxford Street sees 700,000 people on a typical Saturday and an average of 4.3 million visitors a week (Westminster City Council, various)
- Oxford Street and the wider West End are very important to London’s economy, generating nearly 20% of its GDP (Westminster City Council, various)
- 87% of shoppers move around the west end on foot (Westminster City Council, various)
- 25% of west end shoppers are from elsewhere in the UK (Westminster City Council, various)

1.6 Soho is known for its cultural life

- London is a city with 11 national museums and 162 other museums; 214 theatres; 18 comedy clubs; nearly 900 art galleries; 566 cinema screens. (BOP, 2012, World Cities Culture Report).
- Soho Theatre is known for its off-West End excitement. Each year it stages 41 new theatre shows, and welcomes over 167,000 people through its doors (Soho Theatre (2013) Economic Impact Assessment).
- There are eight theatres in Soho, including: Apollo Theatre; Gielgud Theatre; Palladium Theatre; The Prince Edward Theatre; Piccadilly Theatre; and The Lyric Theatre.
- Galleries include The Photographers Gallery and the commercial Lazarides Gallery.
- Only the Curzon Cinema is open to the public, but there are screening rooms in the Soho Hotel, the Soho Screening Rooms, and the Union Soho
- Soho House, the Groucho Club and Blacks are all clubs that are synonymous with the creative and cultural industries. Carnaby Street and venues like Ronnie Scott's Jazz Club are part of an iconic bohemian London scene. The Colony Room, which closed in 2008, was known for its members who included Francis Bacon, Patrick Caulfield, Damian Hirst, Lucian Freud, Tracey Emin, George Melly, Dylan Thomas and others.
- Cinema and theatre in the West End are big business. Cinema accrued £97 million in sales 2012 and a 6.2% increase in revenue (Westminster City Council, undated). The economic impact of West End Theatre is £1.5 billion (SOLT, 2012).

1.7 The creative industries themselves are known for their innovation and Soho has been the site of one of the biggest innovations of them all

- John Logie Baird invented the television and gave the first public demonstration on Frith Street in 1926.
- In Soho, 40% of companies do in-house R&D and 38% of companies invest one third of their turnover in innovation (Nesta, 2009)

Soho's creative prospects are excellent

- Central London will keep its central role in the British economy as it is expected to grow 50% faster than the rest of the country (Oxford Economics, 2011)
- Creatively-occupied jobs have grown by 9% between 2004 and 2010 (BOP, 2011)
- PwC forecast that the media and entertainment sector will grow at a 4.2% compound annual growth rate to 2016 (Global Media Outlook, 2012)

Section 1: Review of secondary research

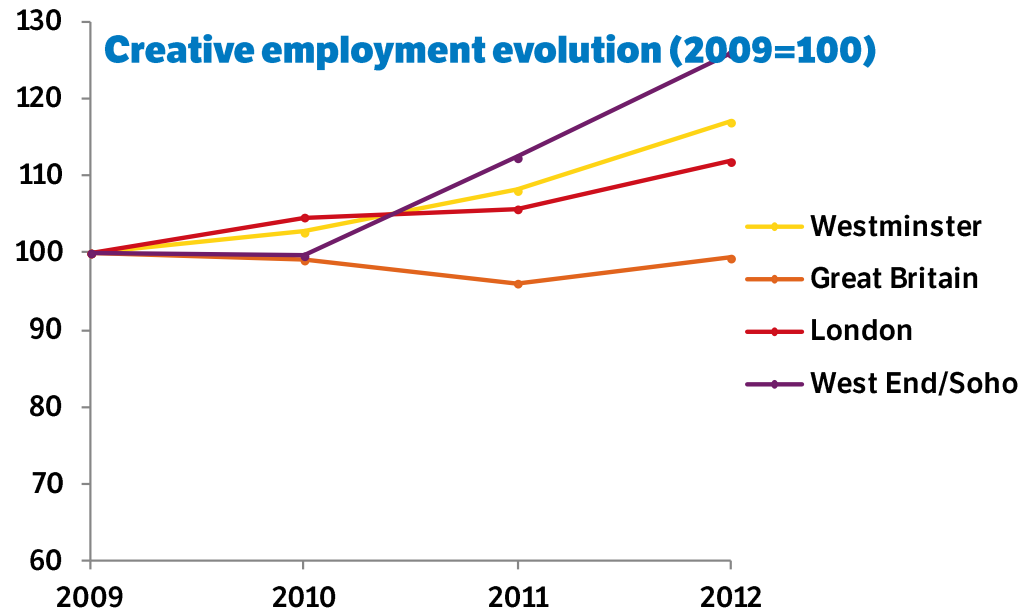
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2.1 Employment data West End / Soho

- Although there's been an overall stagnation in British creative industries employment, Soho is up 25% since 2009



- Westminster is the council with the highest number of creative employment jobs in the UK (over 95,000)
- West End/ Soho alone has over 46,000 people in creative employment making it the de facto creative capital
- More than 1 in 5 new jobs (21.4%) in London's creative economy are in the West End/Soho

2.2 Employment data for the West End/Soho

- 40% of the motion picture, television and other theatrical casting employment in the UK is located in the West End/Soho (47.2% for Westminster)
- 37.5% of the motion picture, video and television programme post-production activities UK employment is located in the West End/Soho (52.2% for Westminster)
- The West End/ Soho has roughly one third (29.6%) of all the British Radio broadcasting employment (53.2% for Westminster)
- 1 in 20 (4.1%) of the performing arts jobs in the UK are located in the West End/ Soho (9.8% for Westminster – 1 in 10)
- Creative industries directly employ over 46,000 in the West End/ Soho (96,000 in Westminster)
- 15% of Westminster jobs are in Creative Industries (5.5% for GB and 9.5% for London)
- In the last four years approximately new 10,000 jobs were added to the West End/Soho creative industries economy

2.3 **Employment data West End: employment growth in the last four years**

- Advertising agencies have increased their headcount by 2000 jobs in the last four years to a total of 6,336 (+43%)
- Radio broadcasting currently employs 3,225 people in the West End/ Soho, a figure that is up 311% in the last four years
- Television programming and broadcasting activities was the fastest growing subsector (+499%) in the last four years, currently employing 1,350 in the West End/ Soho
- The West End/ Soho is the most dense area in the country for performing artists, offering 1,870 jobs: an 88% increase since 2009.
- Motion picture related activities employ over 11,500 people in the West End/ Soho, +5% since 2009

2.4 Employment data West End: employment growth in the last four years

%Creative Employment in ...	2009	2010	2011	2012	Var (09-12)
<u>Soho</u>	<u>19.9%</u>	<u>19.9%</u>	<u>21.5%</u>	<u>23.1%</u>	<u>3.3%</u>
<u>Westminster</u>	<u>13.4%</u>	<u>13.8%</u>	<u>14.3%</u>	<u>15.0%</u>	<u>1.6%</u>
Westminster (excluding Soho)	10.6%	11.1%	11.0%	11.3%	0.7%
<u>London</u>	<u>9.1%</u>	<u>9.4%</u>	<u>9.3%</u>	<u>9.5%</u>	<u>0.4%</u>
London (excluding Soho)	8.6%	8.9%	8.7%	8.8%	0.2%
London (excluding Westminster)	8.4%	8.6%	8.4%	8.6%	0.2%
<u>UK</u>	<u>5.6%</u>	<u>5.5%</u>	<u>5.4%</u>	<u>5.5%</u>	<u>-0.1%</u>
UK (excluding Soho)	5.5%	5.4%	5.2%	5.4%	-0.1%
UK (excluding Westminster)	5.4%	5.3%	5.1%	5.3%	-0.1%
UK (excluding London)	4.9%	4.8%	4.6%	4.7%	-0.2%

- 50% of the growth in creative employment in the last four years was in Soho (0.4% vs 0.2% without Soho)
- With 46,000 jobs in the Creative Industries, Soho rivals the whole of the area covered by Camden Council (2nd council in London for creative industries jobs)
- Soho has 0.8% of the overall UK jobs and 3.16% (4 times more) of the country creative jobs

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3.1 Six success stories in Soho – Illustrative headlines

Our case studies show that in addition to well established world leaders (like Double Negative and Ingenious Media, BBH) there is a vibrant start up scene with unique business models(ChannelFlip, Digital Theatre) creating such a unique and vibrant environment that a business like Soho House was created on the premise that they export the Soho lifestyle.

Type of business	Company	Headline
Post-production	Double Negative	Leading the world from Soho
Dotcom Theatre Start-up	Digital Theatre	Innovating from Soho
Specialised Investment	Ingenious Media	Soho's £8 billion investment
Creative agency	BBH	The black sheep of Soho
Hospitality	Soho House	Soho-izing the globe
Multi-channel network	ChannelFlip	Creative content driving tech innovation

3.2 Double Negative

Context	<p>Double Negative is a leading provider of visual effects (VFX)</p> <ul style="list-style-type: none">• Double Negative is Europe's leading provider of VFX, with an output that includes Batman, The Hunger Games, Man of Steel, Rush, Skyfall, the Bourne Legacy, Harry Potter and others.• Founded in 1998 by a team of six VFX specialists from another worldwide visual effects company, it has used Soho as a launching pad for international success• Its annual worldwide turnover is now £82.5m (2012)
The role of Soho	<p>It leveraged Soho's cluster to grow its market and gain a competitive edge</p> <ul style="list-style-type: none">• Matt Holben, Double Negative Founder: <i>"There's great talent and there's always been an incredible culture within London for creativity... The scene started when a client could come in and put a large film into London, and break it up into a number of little chunks."</i> The cluster was important, but now each studio can take on a major film itself.• In Soho it is now possible to find all the stages of the film production value chain. By locating in a post production cluster they have access to specialized staff and companies that can provide added value to their own business model, make it easier to find new staff and expertise, and meet clients and collaborators.
Impact	<p>The firm's success has helped establish Soho as a world centre for VFX</p> <ul style="list-style-type: none">• <i>"The firm is part of a Soho cluster that has become one of the world centres for visual effects, alongside LA, Vancouver and Wellington."</i> - Wired Magazine, 2013• <i>"Soho is widely acknowledged as the most important hub for visual effects production after Hollywood, and houses four of the world's largest visual effects companies"</i> - Livingstone – Hope Report for NESTA, 2011• <i>"The four largest UK visual effects companies (Double Negative, Framestore, Cinesite and MPC) are all based within ten minutes walk of each other in Soho"</i> - Livingstone – Hope Report for NESTA, 2011

3.3 Digital Theatre

Context	<p>Digital Theatre provides a new revenue stream for theatres</p> <ul style="list-style-type: none">• An innovative model of Theatre partnerships, showing theatre productions on-demand for audiences.• Since being established in 2008, Digital Theatre has built new partnership and channels, including with the Royal Opera House, the Royal Ballet, Soho Theatre, the Old Vic and the Royal Court. In 2013, it launched a new Youtube PAYG channel, On Demand TV channel, with Talk TV and an Apple app.• Much of the innovation has been in the revenue share model it agreed with trade bodies like Equity, Bectu, and the Musicians Union.
The role of Soho	<p>It reflects Soho's cultural identity and its reputation for innovation</p> <ul style="list-style-type: none">• West End theatre scene has a worldwide reputation but faces challenges in bringing its artistic performances to a global audience that is increasingly adopting streaming of Video on Demand.• As 1 in 20 UK jobs in performing arts is located in Soho, Digital Theatre leverages that density by providing a bridge between local performances and worldwide audiences• <i>'It's an exciting, new territory that's emerging – almost a new marketplace... no one's exactly sure where it's going to end up'</i> - Robert Delamere, Founder
Impact	<p>Soho's cultural credibility helps it lead other tech clusters</p> <ul style="list-style-type: none">• Soho works as a hub of digital start-ups with original connections to the creative and cultural sector. Being in the West End gives the company first hand access and insider knowledge to local theatres, productions, performances and artists.• Digital Theatre has started to take shows to the cinema screen as well. The West End hit <i>Merrily We Roll Along</i> was distributed to over 1,000 cinemas in 22 countries.• Digital Theatre has paid out advances of over £300,000 to actors, musicians and creatives.

3.4 Ingenious Media

Context	<p>Providing funding for the world's most expensive films</p> <ul style="list-style-type: none">• Founded in 1998 by CEO Patrick McKenna, Ingenious has four operating divisions: Investments. Ventures. Asset Management. Corporate Finance. These produce an annual Turnover of £28.1m (2012), with profit of £40m (2012).• It represents more than 5,000 investors, including David Beckham, Peter Gabriel, and Guy Ritchie.• Ingenious has invested in “Avatar,” “Life of Pi,” “Trance,” “127 Hours,” “X-Men: First Class” and “The Best Exotic Marigold Hotel,” Avatar alone took £1.7 billion worldwide.
The role of Soho	<p>Located at the heart of the UK media industry</p> <ul style="list-style-type: none">• Ingenious media faces the challenge of investing in a specialized industry in high risk/high reward projects. By being located in Soho, a unique centre of action in the media industry, it benefits from first hand knowledge of the start-up reality and the biggest innovations in cinema production.
Impact	<p>Soho's £8 billion investment in UK film</p> <ul style="list-style-type: none">• Ingenious has raised and invested more than £8 billion into the UK's creative industries since 1998.• Ingenious is fast developing new initiatives, which include a Seed Investment Programme that benefits from an insider knowledge of the local start-up scene, a “Collider” scheme to help early-stage businesses work with larger corporates to develop new products and services, and MeWe360, which funds and develops the creative industries. These network reliant activities are only possible in a cluster.

Context	<p>Soho's black sheep</p> <ul style="list-style-type: none"> Founded in 1982 in Soho, BBH now has offices in London, New York, Sao Paulo, Singapore, Shanghai, Mumbai and Los Angeles and employs 1000+ staff worldwide It was bought in 2012 by Publicis (now Publicis-Omnicom, the largest advertising group in the World) "BBH's "mantra", derived from the slogan of an ad campaign it designed for Levi's black jeans soon after its foundation in 1982, is "when the world zigs, zag". Its Soho, London, office walls are covered in the image from the same campaign: one black sheep among a flock of white ones." – The Financial Times
The role of Soho	<p>An iconic location for the advertising industry</p> <ul style="list-style-type: none"> "The office environment is key, it makes it difficult to be away on business for any period of time. Clients and staff are easier to attract in Soho. It's just a matter of commuting time and ease of access. It does make it difficult if you are not here. It helps to be here. Some people get fed up with the 'fishbowl' environment and they move out: they don't stay away for long" – Ad exec quoted by Professor Andy Pratt in his analysis of the Soho advertising cluster By being in Soho, one of the iconic creative locations by excellence in the sector (like Madison Avenue) BBH can leverage their reputation to projects that reach international audiences
Impact	<p>A business still growing, despite its troubled sector</p> <ul style="list-style-type: none"> In 2012 were awarded for a record setting sixth time the distinction Campaign's Agency of the Year. Current clients include Barclays, Unilever, Google, Virgin Media Audi, Vodafone, PlayStation, Levi Strauss, British Airways, Johnnie Walker, Omo/Persil & Axe/Lynx. Iconic campaigns like Axe/Lynx helped to create a global advertising agency worth £300m with a 20% year growth. BBH has maintained its track record of success. A global campaign launched from London for Johnnie Walker ("Keep walking") as lead to a 48% increase vs. an overall 8% decrease in the industry.

3.6

Soho House

Context	<p>A private members club that represents Soho's creative, bohemian identity</p> <ul style="list-style-type: none">• Soho House was founded in 1995 as a private members' club for those in the film and media industries.• Currently it has a turnover in excess of £38m. It counts with 26,000 people as members worldwide, with 11,000 on waiting lists.• The quintessential Soho experience, founded in 1995 as a private member's club for the film and media industries• The New York Times describes its clientelle as “a glamorous cast of film types, literati and rockers (these days, Lady Gaga and Prince William are regulars)”
The role of Soho	<p>Soho gave the House a new model of operation and a creative identity</p> <ul style="list-style-type: none">• Developed original concept of applying a traditional model (member's club) to a specific and dynamic target (creative professionals)• The initial vision was for a <i>“members' club were for men in pinstripe suits who like to drink port after lunch...there was a gap in the market for creative, like minded people. It was born out of reaction to the pomposity of the traditional private member's club – a place where creative types could let their hair down.”</i> - Nick Jones, Soho House founder
Impact	<p>Soho House used its Soho origins to launch a worldwide empire</p> <ul style="list-style-type: none">• Shows the worldwide appetite for “being like Soho”. Their business model is based on bringing the Soho experience to every corner of the world.• In the 18 years it has operated, the business has grown from a Soho venue to a successful worldwide chain. As well as restaurants and more successful clubs in West Hollywood, California, and Miami, Soho House prepares to introduce five more outposts around the world: in Toronto, Chicago, Mumbai, Istanbul and Barcelona.

3.7

ChannelFlip

Context	<p>An emerging new player in the media market</p> <ul style="list-style-type: none">• ChannelFlip developed a new model for organizing and managing YouTube content . It is the biggest UK broadcaster on YouTube with over 19.32m subscribers watching over 85 million videos per month (July 2013).• Works with traditional but also online celebrities to produce short clips targeted at niche audiences.
The role of Soho	<p>Creative content driving tech innovation</p> <ul style="list-style-type: none">• <i>“ChannelFlip succeeds not because of the technology, but because of the videos. What distinguishes ChannelFlip from competitors current and future is content, not software.” – The Business of Software</i>• <i>“Mobile, (which is) generated by younger people, has gone from 15 to 45 percent of our business. There's an entirely new base of people on Youtube because they are always on their phones.” – Founder Wil Harris</i>• Online content is not easy to monetize and extract value from• Identifying fringe artists and internet potential viral videos is a very difficult enterprise
Impact	<p>Using Soho to find the next big online phenomenon</p> <ul style="list-style-type: none">• ChannelFlip looks set to continue its growth. <i>“What’s changed is the willingness of traditional TV advertisers to move their advertising money to online. Suddenly, we can do stuff that we wouldn’t have been able to a few years ago.” – Wil Harris</i>• Over the past 5 years, ChannelFlip has generated over 2.2 billion video views• ChannelFlip was Acquired by News Corp’s Shine Group in 2012

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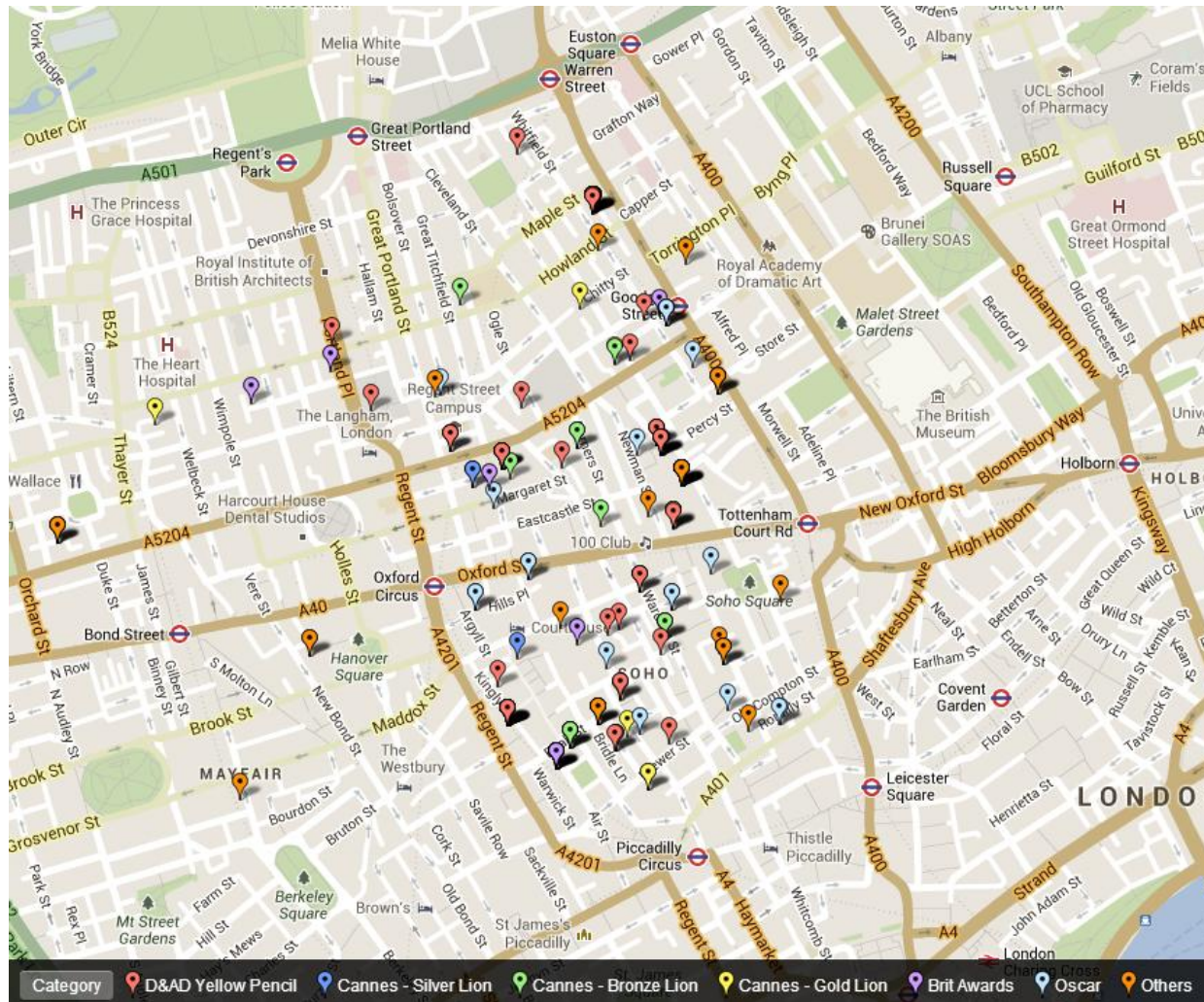
4.1 Headlines from the mapping exercise

Award	#	Illustrative tag lines
Overview	198	We've traced nearly two hundred major awards from the last ten years back to Soho
Oscars	22	Each year, Soho wins two Oscars
Cannes	100	There are 100 Cannes winners in Soho
D&AD (Design)	50	There are fifty yellow or black D&AD pencils in Soho
Brit Awards	18	18 Brit Awards winners were produced by Soho labels
Turner Prizes	8	8 of the last 10 Turner Prize winning artists live in, exhibit in, or are represented by Soho agencies

Note on approach

- Data drawn from 2004 – 2013.
- This data was developed through a structured web trawl for award winners, which was then cross-checked by using a different methodology on each source to validate it.
- All data refers to the W1 postcode
- Oscars are given to individuals, who are unlikely to have Soho addresses. Therefore we have looked for the representative company of a winner e.g. The VFX house they work for.

4.2 Illustrative mapping of data: An award on every corner



Note that on our freeware mapping system, some postcodes are misallocated but many are in the NoHo area. A number of the Soho points received three or four awards, which does not show on our map.

Appendix: Key sources

- Oxford Economics for the BFI (2011) *The Economic Impact of the UK Film Industry*
- BOP (2012) *World Cities Culture Report*
- Nesta (2009) *Creative clusters and innovation*
- NESTA (2013) *Creative Manifesto*
- Professor Andy Pratt (2010) *Clustering of the media industries in London*
- PwC (2012) *Global Media Outlook*
- UNCTAD (2010) *Creative Economy Report*
- Work Foundation (2009) *A Creative Block? The Future of the UK Creative Industries*
- Work Foundation (2007) *London's Creative Economy: An Accidental Success?*
- Soho Theatre (2013) *Economic Impact Assessment*
- NOMIS data
- BOP consulting primary research on awards