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## WORKING PAPER SERIES

### **Creativity, Fashion, and Market Behavior**

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# **Creativity, Fashion, and Market Behavior\***

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## **1. INTRODUCTION**

Creativity-based goods are among the most specialized of all goods. Creativity, like culture, is profoundly rooted both in time and in space. The culture of creativity, or its inherited capital, is inextricably linked to a place, or - in a social sense - to a community and its history. As far as creativity is concerned, time and space matter.

Yet theory on efficient economic behavior is mainly grounded in goods lacking a specific collocation in time or in space. In fact, the more time- and space-specific a commodity becomes, the less efficient is the market mechanism in regulating its production and consumption. The more specialized a good becomes, the less capable is the price system of supplying relevant information, and the less likely is the competition rule to accurately predict results. Thus, the market is an imperfect model for the regulation of creativity-based goods such as fashion, design and art.

This paper aims to reveal some of the limitations of market behavior analysis concerning creative goods, using the world of fashion as a backdrop for discussion of the economic effects and idiosyncratic characteristics of creative endeavors. In this sense, it contributes to a social interpretation of economic theory, insofar as a society is defined by the place and the time of its development.

The fashion market is apposite for exploring the problems posed by market behavior as it relates to creativity. The enigmatic influence of culture within the fashion industry is manifested in several ways. The culture of creativity -

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with its recondite fall-out on the originality of an object, its aesthetic and technological quality, and its image – is a distinctive feature of fashion products, whose essential characteristic is that of embodying symbolic values: they are *semiophore* goods (Santagata, 1998a; Barrère and Santagata, 1998). Moreover, it is the designers themselves, their imagination and fantasy, their views of society and of the history of humankind and their manners and beliefs, that represent the true *deus ex machina* of the workshop-atelier, that mysterious and productive place where fashion is made manifest in the beauty of its forms.

Indeed, the presence of celebrated designers in a given place at a given time is an indicator of a creative environment. The number of creative designers living in Paris during the XIX century is impressive (Table 1). It also heralds the increasing internationalization of fashion designers, another factor related to the spatial component of creativity.

*Table n. 1 Designers in Paris by date of appearance*

Period	Year	Couturier
Prior to Haute Couture	1858	Charles Frédéric Worth and Gustave <b>Boberg</b>
	1871	Jacques <b>Doucet</b>
	1889	Jeanne <b>Paquin</b>
	1898	Les soeurs <b>Callot</b>
	1900	Jeanne <b>Lanvin</b>
	1904	Paul <b>Poiret</b>
Between the two wars	1911	Jean <b>Patou</b>
	1912	Madeleine <b>Vionnet</b>
	1912	Gabrielle "Coco" <b>Chanel</b>
	1919	Edward <b>Molyneux</b>
	1919	Lucien <b>Lelong</b>
	1932	Nina <b>Ricci</b>
	1934	Germaine Barton " <b>Grès</b> "
	1935	Elsa <b>Schiapparelli</b>
1938	Cristobal <b>Balenciaga</b>	
The 1950s	1937	Jacques <b>Fath</b>
	1944	Carmen Mallet " <b>Carven</b> "
	1945	Pierre <b>Balmain</b>
	1947	Christian <b>Dior</b>
	1949	Ted <b>Lapidus</b>
	1950	Louis <b>Féraud</b>
	1952	Hubert de <b>Givenchy</b>
1953	Pierre <b>Cardin</b>	
The 1960s	1958	Yves <b>Saint Laurent</b>
	1959	<b>Valentino</b> Garavani
	1960	Karl <b>Lagerfeld</b>
	1961	André <b>Courrèges</b>
	1961	Rosette Met " <b>Torrente</b> "
	1962	Jean Louis <b>Scherrer</b>
	1962	<b>Cacharel</b> (Jean
	1965	Emanuel <b>Ungaro</b>
1966	Paco <b>Rabane</b>	
The 1970s	1970	Jean Charles de
	1970	Issey <b>Miyake</b>
	1970	<b>Kenzo</b>
	1973	Thierry <b>Mugler</b>
	1976	Jean Paul <b>Gaultier</b>
	1976	Christian <b>Lacroix</b>

<b>The contemporary age 1980-2000</b>	Tom <b>Ford</b> , John <b>Galliano</b> , Alexandre <b>McQueen</b> , Martin <b>Margiela</b>
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Data base: Grau, 2000; Bergeron,1998

The felicitous coupling of *haute couture* with *prêt-à-porter* is an excellent example of the creative forces at work in the fashion world. *Ready-to-wear* and *haute couture* apparel had already been made available separately, but the merging of these two worlds was an absolute Paris original.

Nonetheless, analysis of the economic behaviour of the actors - both consumers and producers - is even more revealing of the original, theoretical and social role of creativity and creativity-based goods.

As will be touched on again in the last section of this paper, consumers have developed a post-modern attitude in their choices, by which they attribute greater value to creative and symbolic factors than to aesthetic and functional characteristics. Consequently, the quest for novelty (Lipovetsky, 1987) - with all of its ramifications within the dynamics of the mimicking manners - is the source of economic behaviour affecting social interaction. (Simmel, 1904; Bourdieu, 1994; Waquet et Laporte, 1999). The idiosyncratic and inherited character of creativity-based goods, especially in the fashion world, affects economic behaviour in two interactive ways: by means of involvement in a community or social group, and by immersion in the productive atmosphere of the cultural industrial districts.

International dissemination of technology has levelled the playing field in international competition, and competition in terms of lower production costs is becoming less and less of a discriminating factor. Consequently, the globalization of markets promotes competition in terms of product creativity. Creativity is the engine of competitive differentiation and success. The amount of creative intellectual property comprising a fashion product overrides the material components by far. Unfortunately, this has led to a burgeoning of the illegal market for counterfeit goods, which is fuelled by of the predominance of the intellectual value of a good and by its public good nature (Benghozi and Santagata, 2001).

This paper has three sections. The first presents and discusses three models of creative people and the process of creativity: the creative genius, the manager and problem solving, and creativity as a neurological and social process. The second section is devoted to an economic definition of creativity. The final

section of the paper deals with the effects of creativity on economic behaviour in the fashion world. On the supply side, we will examine the effects of generational waves of creativity. On the demand side, we will examine the high costs of using rationality and their effect on the economic calculus done by the consumers of fashion.

## 2. MODELS

Creativity is a hedged and dynamic concept. The search for a complete or absolute definition is an ongoing process. Nonetheless, in the metamorphoses of its rationale, we can recognize the tendency for creativity to have become a fundamental resource of a post-modern society.

### *2.1 The creative genius*

The conventional model of creativity is based on the romantic idea that creativity is the sign of genius, a "... superior aptitude of the spirit that makes somebody capable of creations, of inventions which appear extraordinary"<sup>1</sup>. According to this definition, the creative genius is absolutely an inspired person. This is the image of creativity as epiphany, a gift received by means of the inspiration, meaning "... to receive from a mysterious authority, in a way charged of all the characteristic opacity of the creative act, the secrecy of a discovery"<sup>2</sup>.

This model is especially interested in the narration of the intellectual and psychoanalytical traits of the genius (Kris and Kurz,1934; Jameson,1984). Actually, for post-modern culture and particularly for contemporary art, the artist-genius who creates works opposing previous movements and styles is considered to be highly stimulated by psychoanalytic phenomena. Each work of art originates from a hallucination or delirious vision.

This model also explores the whole set of conditions that make it possible to release creativity as a potential property of the spirit. Then it seeks correlations between creativity and a number of human conditions: feelings of guilt, madness, need for autonomy, attitudes towards risk, sex, age, intelligence, money and non-conformism. The image of the creative genius is, therefore, related to a literary and psychoanalytic conception of creativity, as in the case of the creative inventor.

While this model offers a literary description of genius, it would require a lot of jumping through intellectual hoops in order to derive from it a general

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<sup>1</sup> Dictionnaire Micro Robert, 1988.

<sup>2</sup> Rouquette,1993, p. 10

definition for creativity, and in the process, one would inevitably be forced into the logic of conventional definitions.

## 2.2 Creativity as problem solving

The minimal definition advanced by Herbert Simon is a procedural formula, moving the topic of creativity into a cognitive dimension and anticipating the logic of creativity as a process. Creativity has been defined as a way the mind operates, i.e., " ..the process with the means of which the mind transforms information into combinations of concepts and produces new ideas "(Goleman, 1997). One may add that creativity is an act of the human brain, manifested as a process which allows us to think and solve our problems - in a way that can be commonly considered to be creative (Simon, 1986). Simon's thesis-definition is that creativity consists in good problem-solving.

According to Simon (1986), the process that leads to creativity is founded upon three general conditions.

1. To be prepared. "*Chance, in the words of Pasteur, favours the prepared mind.*" A casual discovery *per se* does not exist. "*It is the surprise, the departure from the expected, that creates the fruitful accident; and there are no surprises without expectations, nor expectations without knowledge*" (Simon, 1986).

2. To be experts. Nobody - fashion designers, painters, or musicians – can attain excellence without "*an intensive effort to acquiring knowledge and skill about a domain of expertise*".

3. To risk. Science often requires accepting calculated bets. "*Information is only valuable if others do not have it or do not believe it strongly enough to act on it. (...) Science is an occupation for gamblers.* It is necessary to risk, because, if we want to explore new fields in a creative way, common information is not used instrumentally in obtaining differentiated advantages: "*...scientists require a "contrarian" streak that gives them the confidence to pit their knowledge and judgment against the common wisdom of their colleagues.*" (Simon 1986)

This set of characteristic conditions represents an improvement on prior definitions. Yet, it actually only creates a number of images around a concept. It tells us that fashion designers, for example, with imagination, judgment, taste, intelligence, expertness, and a taste for risk are, therefore, creative. It does not reveal the physical sources of creativity. How does the human brain produce creativity? What physical mechanisms of the brain activate a creative mind? When all the secrets of the production of ideas, emotions, and feelings have been discovered, we may be able to better define creativity, just as today

we know more about the limits of pure rationality following the discovery of the relation between spirit-brain-emotion-social behaviour (Damasio, 1994).

The two models thus far presented, namely the creative genius and creativity as problem solving, are nonetheless very different. The vision of the creative genius is a mythical concept. From a political and constructivist point of view, this definition fails to assist us in increasing, reproducing and transmitting creativity. How many dressmakers in the fashion world are described with these same words, thus transforming them into extraordinary characters? Nothing could be further from the truth. The procedural approach of Simon and of the contemporary cognitive sciences is instead a significant source of practical suggestions.

Let us now turn to *Descartes's Error* and the neurological theory of the creative emotions, as described in Antonio Damasio's remarkable work (Damasio, 1994).

### *2.3 Mind and Brain; Body and Emotions*

*Body counts, brain counts.* Damasio's revolutionary message announces that our whole body is involved in our rational faculty, "... that the body provides a basic reference to the mental processes ". Body and brain play a fundamental role in the faculty of reasoning: their physical function is to process the emotions that the external world sends us all the time. Body and brain, as a unique organism, take part in the interaction with the environment, which is, in turn, partly the product of the human organism's activity.

*Emotions count.* Emotions are defined as "the series of changes which occur in the body and the brain, generally in reaction to particular mental contents". One of the most astonishing discoveries in modern neurobiology has been locating the area in the brain responsible for producing an emotional state in the body. The surprising story of Phineas Gage (1899-1986), tells us of a man who in a labour accident lost the pre-frontal part of his brain, with no apparent physical damage. Further clinical and experimental studies have demonstrated that this part of the brain, the pre-frontal cortex, is responsible for recognition of the emotions, and that, in its absence, we have "knowledge without emotions". Patients without emotions still continue to exert an intact and active intellectual faculty, but their decision-making ability is impaired. Damasio notes that the reasoning of individuals lacking emotions proceeds as an infinite sequence of cost-benefit analysis which never leads to a decision. Rationality without emotions proves to be an infinite process. Rationality alone represents the bankruptcy of any process of decision-making. Decision-making is made possible by the presence of what Damasio calls "somatic markers", i.e. images arising from the emotions and which act in the neural

structure, allowing the brain to announce that it is necessary to interrupt the reasoning process, which is leading no-where, and to choose one of the alternatives. The relation between the emotions and reasoning and the assumption of the existence of somatic markers that facilitate decision-making, give a neurological base to Simon's theory of bounded rationality.

*Environment counts.* Returning to the theme of creativity and fashion, it is clear that creativity as a problem-solving activity depends on our capacity to interact with a continual flow of emotions. But good emotions influence us positively if we live in a natural or social environment that is rich in such emotions: an environment where there are no intellectual constraints, where incentives and ideas circulate freely and without cost, where freedom to associate ideas and to experiment reaches a climax. As we will when analyzing the subject of creative management, the theory of emotions is useful in explaining why redesigning a company's organizational and mental environment, so to speak, increases its rate of creativity.

The traditional economic approach maintains that the individual and his mind are a monad, a single entity which simply reacts to a system of price signalling, without any contact or communication with other individuals. In our view, instead, the body and the brain both exist within nature and are submerged in a universe of relations, emotions, and interactions. We argue that social interaction and the emotions stemming from them are necessary conditions for promoting problem-solving and creative activity; rationality alone is insufficient. Thus, the productive or research environment are a key factor in allowing creative emotions to be released in order to produce, increase, and transmit creativity.

Descartes' error was to underestimate the value of the body in relation to the mind: the *res extensa* as opposed to the *res cogitans*. Modern neurological study of the pre-frontal cortex areas reveals that *we are and then we reason*. And our social and natural environment can be modified, just as we can in turn modify our rate of creativity by means of the emotions we experience.

The metamorphoses of our understanding of creativity show a tendency towards a procedural approach. Understanding the origins of creativity, the conditions of its existence and the needs to which it corresponds, is a necessary step if we wish to learn how to produce, increase and transmit creativity. Creativity may best be considered a process characterized by a dual socio-aesthetic and organizational nature.

This process is implicated in every field of human activity, especially in the logic and dynamics of industrial production. The fashion market, in particular, has been deeply influenced by the creative activity of designers and entrepreneur-managers. Creativity in *haute couture* and *ready-to-wear* apparel

(Grumbach, 1993) has existed since the XX century. What is new is the development of the concept of creativity, which has developed on two complementary levels: on the one hand, within the subjective sphere of the design of fashion goods; on the other, within the collective sphere of economic organizations and creative management.

### 3. ATTRIBUTES

#### 3.1 *A brief Economic Definition*

In this section a brief economic definition of creativity will be given. In the next section, the impact of creativity on market behaviour will be examined, using fashion as the market of reference.

Creativity may be considered an economic good produced by the human mind. Creativity is the action that gives rise to something original and unique where nothing was before. This action may take different forms ranging from invention to discovery or even to epiphany. Creativity is the disclosure of novelty.

Table N. 2 lists a wide range of the economic characteristics, in the broad sense, of creativity, classified according to three criteria: the particular nature of the good, the attributes that influence demand, and the attributes that influence supply. First, the basic elements of a minimal economic definition will be outlined. Then, the impact of other attributes on the behaviour of the market, in particular in the fashion and clothing sectors, will be explored.

**Table n. 2** *Defining Creativity in economic language*

<b>Essence of Creativity as an Economic Good</b>	<b>Characteristics Influencing Market Behavior</b> <b>Demand Side</b>	<b>Characteristics Influencing Market Behavior</b> <b>Supply Side</b>	
		<i>Products</i>	<i>Organizations</i>
Anti-utilitarianism	Symbol and zero information costs	Idiosyncrasy	Generation-based goods
Non-cumulability		Joint production	
Public-ness			
Non-exhaustibility			

### 3.2 *Creativity vs. innovation*

In the language of economics, creativity may be conventionally contrasted with innovation. Thus, while creation implies giving life to something that derives from nothing before it; innovation is understood as introducing something new into an existing domain, sequence or process. This conventional view will be explored according to the two main characteristics of creativity: anti-utilitarianism and non cumulability. In any case, this distinction is rather new within the domain of technological innovation, where creativity is perceived as a usual ingredient of the innovative act, and the focus of analysis is on its Schumpeterian destructive ability or on its being the original source of “disruptive technologies” ( Christensen, 1997).

According to the present view, creativity is an essential and autonomous component of human life; basically, it helps develop the intrinsic capacities of the personality. In economic terms, this approach considers creativity to be an anti-utilitarian act, and it stands in opposition to the concept of innovation, which, on the contrary, is registered in the utilitarian system of behavior. Creativity has no purpose, it is an *anti-utilitarian good*. The creative effort produces positive values. It functions as a factor of *self-realization*, it is rich in *intrinsic enjoyment* and in *self-fulfillment*. The assumption that the creator’s work is a costly effort becomes less and less valid when one approaches the concept of creative work. In an anti-utilitarian model there is an intrinsic satisfaction in creative work: the more time she/he devotes to this type of work the more she/he is satisfied (Horvat, 1999; Throsby, 2000).

A second characteristic of creativity is that it is a *non-cumulative good*. Creativity is rupture, whereas "normal" innovation as conceived within the frame of a given scientific paradigm (Kuhn, 1962, 1977) is a cumulative and incremental process (Santagata, 1998b). This feature helps us to more precisely define the anti-utilitarian behaviour assumption: the creator offers his working time, because she/he takes pleasure in it. The quality of her/his life does not depend only on consumption, but also on the advisability of choosing to engage in creative work. The "*... desire for creativity is one of the most important motivations of human beings in general, and in our post-industrial era in particular.*"<sup>3</sup> This model of behaviour, or "art for art's sake property" model, is rather the rule in the creative industry (Caves, 2000). Innovation is instead directed towards the implementation of change (aesthetic, technological or functional). It is a utilitarian good. Innovation is a utilitarian, incremental and cumulative act. It relates to consumption, expressing the objective utility of a product or service. The work required for

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<sup>3</sup> Horvath, 1999, p. 3

the process of innovation involves sacrifice and a cost, and implies an external monetary reward.

### 3.3 *Other essential attributes*

As for the other essential characteristics of creativity, it must be emphasized that the *intangible* character of creativity implies that it has to be observed in some material support which contains it and reveals it. The support can be a mere sheet of paper for storing ideas, design and forms; it can also be a more complex object which embodies a creative function. Now, while the support is usually a private good, creativity *per se* and the creativity incorporated in an object is a public good, sharing the features of non-rivalry and non-exclusion. However, just like ideas, creativity must be protected on the market, first of all by establishing laws securing intellectual property. As is well-known in the literature on counterfeiting (Benghozi and Santagata, 2001), enforcement of the law is often ineffective, and unlicensed or unlawful producers can copy, at zero cost, any sign of creativity seen, perceived or detected in a creativity-based object. The higher the economic value of the creative and intellectual component of an object, the higher is the incentive to copy.

Finally, creativity is a *non-exhaustible* and non-saturable goods. The idea or concept serves as an intangible support of creativity. An idea expresses, describes, and makes a creative act historical. Unlike natural resources, ideas, resulting from human creativity, are fully exploitable but not exhaustible. The creativity of fashion goods is linked to social evolution and is therefore continuously renewed. Design is linked to its epoch and is therefore always different. Industry enters an inexhaustible field, putting firms on a different footing for confrontation and competition. However, as will be shown in the next section, the evolution of creativity cannot be linear: periods of great creativity and phases of stagnation can always be found, especially in the world of fashion.

## 4. EFFECTS

Creativity has different aspects, each of which affects different goods and services: their aesthetic, design, function and productive organization. The most significant cleavage is between the effects on the organization and those relating to the other modes of creativity. The effects on demand are rather concentrated on the aesthetic, design and functional forms, while the effects on supply of an organizational type instead.

#### 4.1 Effects on the supply side: The dilemma of a generation-based good and its effects on competition

This part of the paper is devoted to the effects of creativity on the behavior of agents who are in charge of the supply of creativity-based fashion. The effects of creativity on international competition will be dealt with. Other effects are briefly mentioned: the idiosyncrasy and the specialization of creativity-based products (Santagata, 2002); and the joint production of creativity by both the producer and the consumer (Barrère and Santagata, 1998).

The time/space duality which characterizes the theoretical ground and the dynamics of creativity, shows a significant ancillary trait. Creativity *per se* is the original and specific product of a generation. Now, if the generations in their sequence are affected by various conditions of time and space, the arising dilemma is how to renew the production of creativity while preserving similar traits. Each generation will produce its creative world, but the effects of this phenomenon on the structure of competition are unexpected and significant, in particular in the fashion market. We will see that competition among creativity-based goods is biased by a generational path dependency.

The succession of generations is actually a progressive phenomenon. This is demonstrated by the dynamics of what Bourdieu calls the "field of forces" (Bourdieu, 1971, 1994). As in all fields of cultural production, fashion's field of force is a field of battles: , "... avec ses rapports de force physique, économique et surtout symbolique (...) et ses luttes pour la conservation ou la transformation de ces rapports de force " ("... in terms of its physical, economic and above all symbolic relations, and of the battles for maintaining or transforming these relations" Bourdieu, 1994, p.140). The coordination of practices and the stakes in the fashion market are, therefore, the texture of a network of conflicts and agreements inherited by former battles. These general conditions affect all generations: the upcoming generations, which try to make space for themselves by opposing the leaders of the dominant *maisons*, as well as the successful ones, which control the official requirements and instances of the fashion world and the production of value.

A new position for a designer can emerge only if the field modifies its structure, because the designer must create a new pole in a rather complex process of differentiation. The search for distinction is dominated by the absence of a single principle of cultural justification. The dynamics of the field are endless, implying revisions, arrangements and permanent redefinitions, which are repeated and polarized upon the arrival of each new generation.

Consequently, the rhythm of change in the field of fashion is marked by the succession of the different generations of creators. The reasons can be traced back to the definition of fashion in terms of being an idiosyncratic good, which makes reference to the space/time duality.

In Table 1, the evolution of the most renowned Paris *couturiers* is shown by dates of entry in the field and by recurrent waves. The dilemma of reproducing creativity from one generation to the next while conserving the salient characteristic quality is self-evident. Indeed, mother nature distributes talent in an unforeseeable way, with changes in place and time made according to nonlinear trajectories. The atmosphere and the environment in Berlin before the Second World War were not reproducible in the 1950's or post-1989. Historic periods are never reproduced : ideas, culture, and manners change, attitudes towards the great social questions fluctuate, and styles evolve. As a result, each generation has its own identity, pace and distinction, offering no guarantee of virtuous progress.

An encouraging environment and the historical experience seem to show that a critical mass must be reached in order for a wave, or talented cluster, to occur. If this is true, creativity accompanies the lifespan of a generation. Thus, creative waves occurred in the French fashion in the 1950's and the 1960's: Christian Dior, Karl Lagerfeld, Hubert de Givency, André Courrèges, Pierre Cardin, Pierre Balmain, and finally Yves Saint Laurent. Their visibility was strong, although a cohort of epigones always follows a cluster of creativity.

The succession of waves, however, was marked by a *crescendo* of attention, and the major reasons for their emergence can be summarized in three points.

1. An increase in trademark value. Historically, it is apparent that few houses of *haute couture* born in the first half of the XX century survived: Mrs Vionnet, Poiret, Worms, the *arbiter elegantiarum* of a glorious age, ceased their activity without leaving heirs. On the contrary, those *maisons* which existed past the Second World War had more of a chance to survive their founders. It was as though the value of the trademark increased as a result of the increased size of the market. This was especially true in the case of successful fashion accessories. Perfumes, in particular, enjoyed an increasing trademark value. And Chanel, for example, is one of the first houses to survive its creator. Reputation thus becomes an immaterial asset which merits investment.

2. Change in the ownership structure. The ownership of the great *maisons* is characterized by diminished control by the founder's family. The dissemination of ownership shares and access to the stock-exchange market

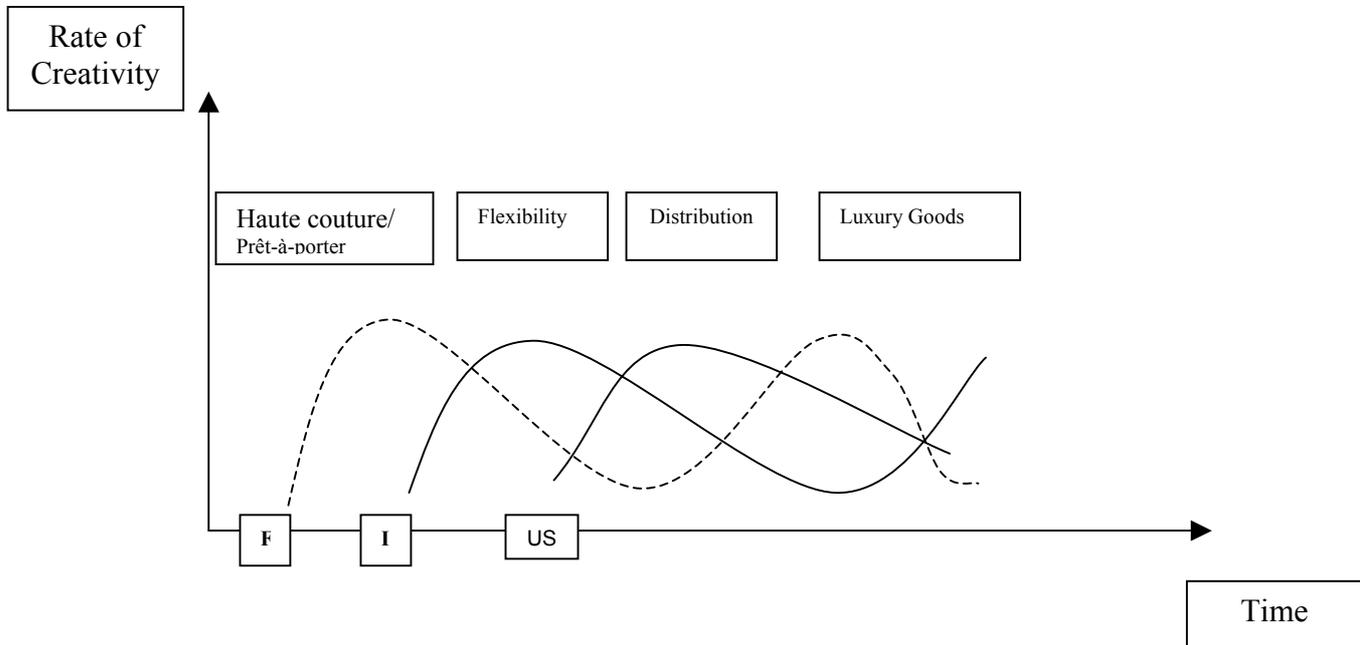
make succession an ordinary routine: there is no longer a financial identification between *couturier*-founder and ownership.

3. Cosmopolite reception. Alongside these arguments, one can stress the presence in Paris of a cosmopolitan tradition of reception. Paris has always been effective in accommodating a wide range of personalities from all over the world, regardless of their name, nationality or social condition. The greatest designers seem to be fearless of changes in country and continent. A cosmopolitan tradition allows intergenerational substitution to occur with neither scandal nor regret. Several lesser-known dressmakers came from abroad: George Vaskène is of Armenian origin, Zyga Pianko is Polish, Gaby Aghion is Egyptian; as well as foreigners are some of the more renowned ones : Charles Frederic Worth, Christobal Balenciaga, Elsa Schiapparelli, Nina Ricci, Pierre Cardin, Emanuel Ungaro and Karl Lagerfeld. Instead, in Italy for instance, the consumers and even the staff of the firm cling to the founder.

A creative wave is not simply the invention of a style, new forms, and an original aesthetic. From an economic and organizational standpoint, a new wave brings about the fundamental creation of new processes and products. If simplification is acceptable, one could say that the large French wave of the 1950s and 1960s is highly associated with the invention of the "*haute couture*/modern *prêt-à-porter*" combination; the Italian wave is marked by the organizational flexibility of the industrial districts; and the American wave is characterized by the strategic logic of wide-scale distribution.

But the French creative wave, which revitalized *haute couture* and promoted modern *prêt-à-porter*, shows - like every human phenomenon - a loss of power, a sort of quality depreciation, around the years 1990-2000. A creative wave, indeed, is characterized by a rate of depreciation over time: at its epiphany, creativity attains its maximum level, after which a progressive weakness, which carries the wave to its decline, is perceived. This is a plausible argument for both individuals and their creative drive, and for those organizational patterns in which brilliant pioneers are replaced by epigones...masters in repetition. In Figure n. 1 the wave trajectory has been traced for France, Italy and the US, making the time shift quite evident: the Italian wave takes shape approximately twenty years after the French one, and the American wave forms thirty years later than the French one.

**Fig. n. 1 The advantage of being the *first comer***



The effect of the generational pattern on international market behavior is that the French wave will gain momentum at the precise moment that heralds a faltering in Italian fashion. This is either due to natural or tragic death (Moschino, Versace, Gucci), or to the beginning of the decline of the creative wave. The same advantage will appear with reference to the American competitors, given that the mythical Ralph Lauren is 62 years old. This suggests that international competition in the fashion world is biased by a generational factor, which can also be expressed in terms of path dependency.

These dynamics are confirmed by the history of French fashion. France was the first fashion producer to face the replacement of the greatest founder-*couturiers*. In other words, France was the first country in which a creative generation of dressmakers emerged in the 1950's and 1960's, and it was once again the first country to tackle the problem of the renewal of the great designers in the 1990's-2000: Tarlazzi for Guy Laroche, Ferré for Dior, Montana for Lanvin, Lagerfeld for Chanel, and also Galliano, Ford, Lacroix. Today a "new French wave" is at work. The groups of luxury industries are the driving force behind this second French wave. The challenge is, therefore,

multiple. At stake in French fashion is the opportunity to seize the positional opportunity related to being the first-comer, thus potentially leading to the development of French superiority in the creative luxury industry. The industry of luxury goods has emerged as the creation of a new product, leader of the French creative wave of the years 2000. It is the new French *creative passion* (Arnault, 2001).

#### 4.2 *Effects on the demand side.*

##### 4.2.1 Symbols and creativity-based goods

When creativity is committed to aesthetic values, the form, original functions, and goods “created” are laden with symbolic values. This is because the aesthetic, the design, an original function or new forms are recognized by consumers not only for their measurable qualities and quantities, but also because of the signals that touch their heart, soul, emotions, ambition or courage.

For fashion goods, creativity is actually the core of the production chain of value. The convention of originality - i.e. the quest for novelty which characterizes this sector’s dynamics - implies the formation of a sense of social belonging: people like a particular piece of apparel which is original and allows them to develop a sense of distinction, but at the same time, also allows them to develop a sense of social belonging.

The assimilation of creativity-based goods into symbolic goods may take different paths: while symbolic charm can be related to the emergence of originality in the short run, , what matters in the long run is a sort of permanent originality, or what might be termed a classic and traditional originality. Creativity allows involvement in a symbolic world in the two ways mentioned above. The first is related to our search for originality and distinction. The second owes to our fidelity to a style that was fully creative at its appearance and which continues to be symbolically representative of a particular status or aesthetic culture.

We will now analyze the effects on consumer behaviour, with reference to a large class of goods that can be referred to as *creative symbolic goods*. In these goods are amalgamated both the creative and the symbolic . They cannot be manufactured in the absence of either.

The first characteristic of creative symbolic goods we will discuss is their effect on the economic agents’ rationality. In principle, we may say that there is no rationality (*ratio, calculus*) without knowledge (*cognitio*). There are

emotions, myth, generosity, symbolic adhesion, and chance. Without knowledge there can be no economic calculation of the costs and benefit of any action. But the production of knowledge is a costly activity. The system of signs, the languages, the texts, the techniques, the experiments and the information that enable us to gather the necessary data to make a rational choice, make up a composite good which has a divergent structure of costs. Paradoxically, as the cost of producing information decreases, the cost of gathering and using information in order to find out if, how, where and when goods and services can be purchased increases.

Our assumption is linked to a conjecture about the increase in cost of use of the market, and, consequently, of economic rationality. In the creative industry (fashion, performing arts, visual arts, industrial design, communication arts including film, TV, the publishing sector and advertising) individuals appear to be more and more attracted by the production and consumption of symbolic goods and beliefs. In particular, they seem to be modifying their choices by replacing complex goods with high information costs, with new goods with low information costs, such as those rich in symbolic values. According to this conjecture, purchase of a specific item does not involve study of its market structure nor evaluation of its hidden quality. Instead, we choose the symbol that allures us and with which we identify. When choosing clothes, we do not calculate the expected costs and advantages of particular items, but the fascination and charisma of the model captivate us.

The assumption of increasing costs of the use of information for rational choices can be examined from at least two points of view: first of all, the weakening of the pricing system. In the economic model, prices are necessary and sufficient signals for calculations by the rational consumer. Considering prices as the transmitters of the minimal essential information becomes more and more problematic in light of the quality and the symbolic contents of exchanged goods. Modern goods and services have become more complex, and their qualitative attributes may be covert. The consumer has neither the technical skill nor sufficient knowledge to evaluate them. The cost of rationality is increasing. Secondly, the cost of information gathering and consumption must be considered. In order to gather useful information, the rational consumer must make a time-consuming search, which involves intellectual and physical effort. The consumption of information is an activity whose costs are increasing, even when satisfying decision strategies are available.

#### 4.2.2 Creative Symbolic Goods: zero information costs.

A normal consequence of the increase in the cost of using rationality is that we seek the line of least resistance within the logic of calculation. Among the paths available to us, symbolic values take the place of information concerning goods. Instead of seeking information about the quantitative and qualitative attributes of goods, we entrust - or we are allured by - their symbolic representation. Symbols influence behaviour because social actors react to the symbolism they attribute to things. Symbols influence action. Symbols reinforce the common beliefs and the feelings of belonging to a community.

Another interesting point regarding consumer behavior is the characteristic of *zero-degree costs of information*. From an economic standpoint, the reduction of information costs to degree zero is the most significant attribute of symbolic creative goods. It helps explain the emergence of such goods in terms of a micro-economic consumer's response to the increase in the cost of use of rationality.

What matters is the capacity of a good to transmit, at no cost for information to the consumer, a sign which conveys significant information. The consumer is compelled to purchase a given item because the identifying symbolic good conquers him. He need look no further in order to estimate the quantitative and quality contents of goods and services. This behavior corresponds to what Huizinga (1932, ch. 15) says about the medieval symbolist mentality. The symbol created a "short circuit" in the mind of medieval men and women. Thinking was not systematically the effect of causal connections. A symbol is a thunderbolt, which leaves a print in the conscience of the people.

## **5. CONCLUSIONS**

This short inquiry into creativity and its effects on economic behavior has allowed us to make a certain number of theoretical observations concerning both market demand and supply. Some peculiar traits of creativity have been highlighted: it is an immaterial good which can be produced and transmitted within a positive environment, and the conditions for the production of creativity are dependent on the idiosyncratic nature of creativity-based goods. Moreover we discussed the idea that creativity is a generation-based good whose major challenge is the continuity of production at constant quality; and that creativity, through its symbolic nature, modifies consumers' choices by providing goods with zero costs of information.

These considerations lead us to be skeptical about the efficiency of the price system in regulating the market of creativity-based goods. Space, time, symbols, culture and the social environment require an economic theory which no longer classifies creativity-based goods as exceptions to be set apart from its main object of study.

The fashion world has been deeply influenced by the emergence of creativity. The behavior of consumers and producers has changed extensively in response to the rhythms and changes of creativity, a good that is both rare and inexhaustible.

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