

# The origin of explosive development of Creative industry in China

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## Abstract

*In year 2006, the government had listed Creative Industry in its development plan. Then Creative Clusters had an explosive development all over the China. The number of Clusters was up to 219 at the beginning of 2007. With the efforts from different departments of Private, Corporation and Government, the Creative Industries are growing amazingly in China.*

*Creative industry, featuring space-saving, low power consumption, low pollution, and high value-added and high grade is the complex of both culture and creativity. It is also the engine of other related industries.*

*Creative industry has unlimited development space in China. For that China has a huge creative consumer market, a deep cultural tradition, strong support from the government and rich human resources.*

*Only the sky is limited. There is no doubt that the explosive development of creative industries in China is the trend of the times. Favorable environment and improving polices promise Creative industry a broad prospect in China.*

**Key Words:** China; Creative Industries; Explosive development

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## Introduction

*“Creative industries are those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.”* (DCMS 2001, p. 04). In the era of knowledge-based economics, creative industries which are leading by human beings is flourishing throughout the world, and achieved astonishing results. According to UN statistics, the creative industry account for 7 percent of global GDP and is 10 percent annual growth rate (James Purnell, 2005).

While the whole world is developing creative industries, Chinese people also realized the importance of creative industries to the next generation. After a long period of gestation, in 2006 the government had listed Creative Industry in its development plan. Then Creative Clusters had an explosive development all over the China. In only one year time, there are over 200 Clusters under construction all over China. (Figure 1)

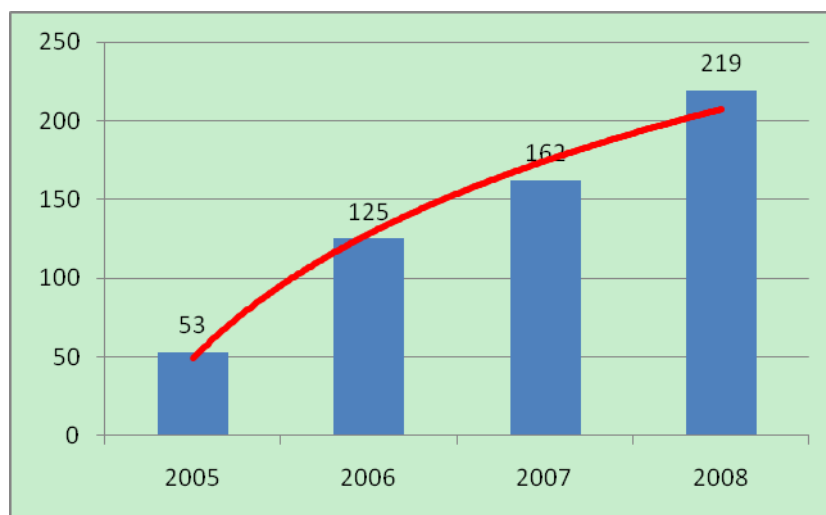


Figure1  
Accumulated number  
Of Clusters in 12 Cities in  
China  
  
These Cities are Beijing,  
Shanghai, Nanjing,  
Tianjin, Shijiazhuang,  
Qingdao, Guangzhou,  
Changsha, Shenzhen,  
Chongqing, Chengdu and  
Hangzhou

With the efforts from different departments of Private, Corporation and Government, the development of creative industry in China has entered into a new era of multi-outlet competition among different cities. Dozens of clusters are becoming the economic growth stars of their own field.

## 1Competing development of creative industries all over the China

The highly developed levels of creative industries are in the form of creative clusters and the formation of the creative industrial parks. Gradual maturity of creative industries will promote the expansion of the industrial parks as well as calls for more maturity of the park services. It is also able to attract and stimulate the creativity of the original fragmented industries to develop a larger growing force.

At present, the development of Creative industry in China is urban-based while the coastal areas have a rapider growth rate, especially in Shanghai and Beijing.

There are 219 creative industries clusters in China now, 75 in Shanghai which take part of 34.25% of the total number; Beijing also has 21, which accounts for 9.59% of the whole.

Of course, not far behind other cities, in an attempt by virtue of their unique cultural characteristics, or by relying on high-tech R & D strengths, they are looking forward to have better chances in the era of knowledge economy. (Table 1)

Table 1: List of the accumulative number of Clusters in 12 Cities

	2005	2006	2007	2008
Shanghai	35	75	75	75
Beijing	8	10	10	21
Total of 12 cities	53	125	162	219

### 1.1 Creative industries in Shanghai

Shanghai which locates in the transport interchange of the China's coastline and the golden watercourse of the longest river in China---the Yangzi River is the core city of the world's sixth largest metropolitan. It is one of the earliest treaty ports in China. New Ideas can easily be accepted and absorbed in this dynamic city. The culture of Shanghai is different from other parts of China and is full of unique charm.

As the pioneer city to develop Creative Industry, the supports from government further strengthened Shanghai's advantages. By the end of 2006, the number of Creative Industry Clustering Parks (CICP) in Shanghai reached 75. (Figure 2)

Most of the CICPs are in the center of the city, these Parks make full use of deserted Industrial Archeology Site which creates a new style of win-win situation for both economic and social welfare. According to the statistics of Shanghai Government, in

2006 the GDP growth of creative industries is up 22.8% over the previous year. The per capita GDP of industrial parks is more than 600,000 yuan.

Shanghai's creative industry has driven the development of Creative industry in the cities of Nanjing and Hangzhou in Yangtze River Delta. Lofts 49 in Hangzhou, Creative industries Park in Nanjing are attracting more and more talents to work there.

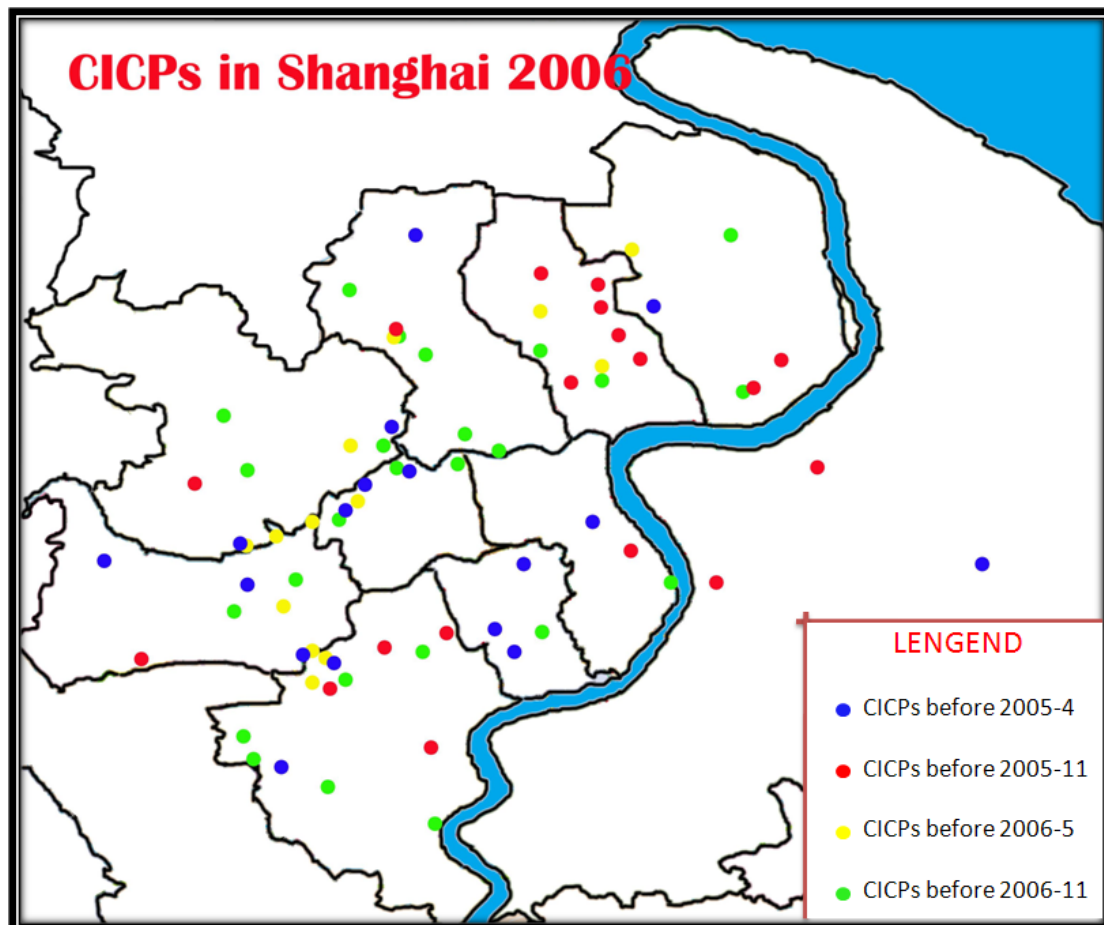


Figure2: CICPs in Shanghai 2006

## 1.2 Creative industries in Beijing

The development model of Shanghai highlights on flexible and modern, while in Beijing, Creative Industry clusters have larger areas and more human resources, they care more about Cluster Brand-building. Beijing, the capital city also has its advantages due to its long history. The self-aggregated Creative Industry Clusters such as 798 Art Zone, Zhongguancun Science and Technology Park and other well-known brands are becoming the dream lands of the youth all over the China. With the improvements of facilities and the supports from the municipal administration, these clusters have become a new force of economic growth in Capital region. (Figure 3)

In 2007, Beijing cultural and creative industries added value of 99.26 billion yuan,

accounting for 10.6% of the city's GDP. Compared to 0.1 percentage points increase in previous years, it is in period of rapid growth; the total assets in this field reached 726.08 billion Yuan, more than 56.6% increased in 2006; Profit was up to 21.62 billion Yuan, an increase of 50.7%.

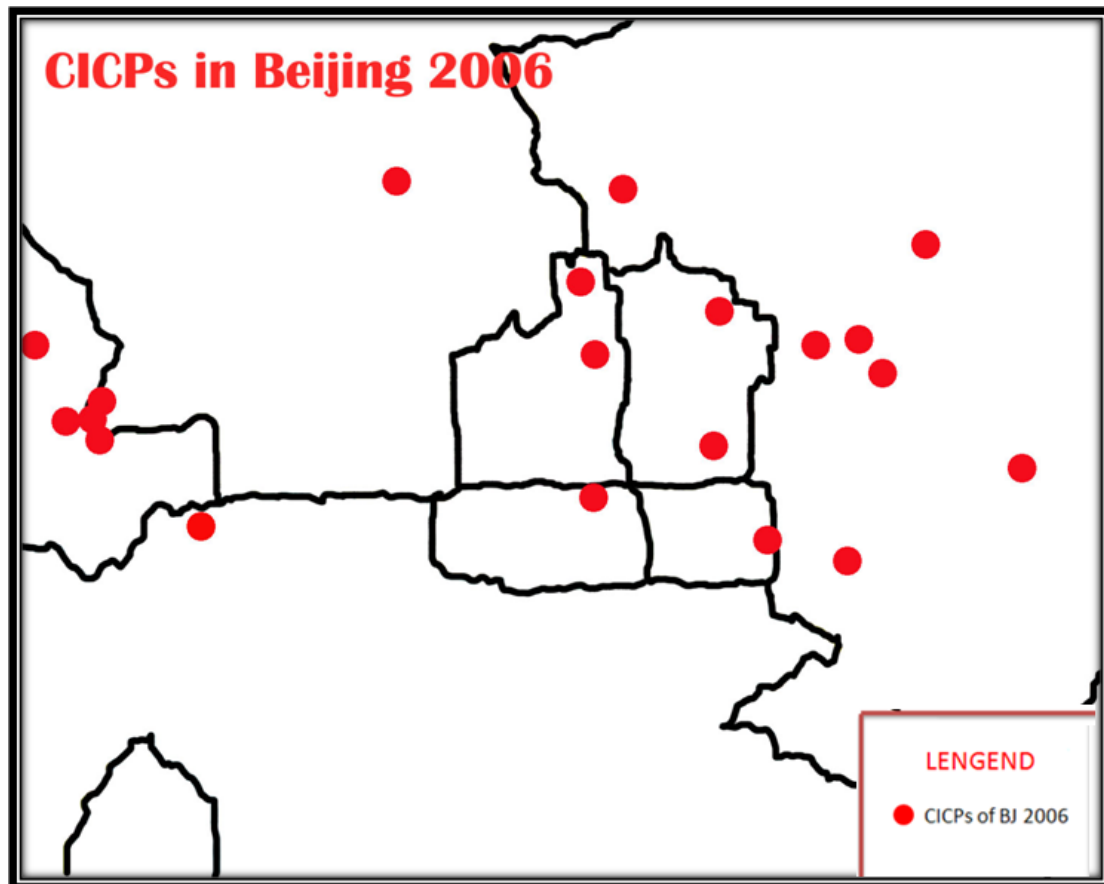


Figure3: CICPs in Beijing 2006

### 1.3 Creative industries in Other Parts of China

The most developed area of China is the Pearl River Delta. Book publishing, Media and Advertising industries are their advantageous industries. The situation is almost the same in Chengdu - Chongqing region which is famous for its unique cultural style, and they both have great potential markets with large demand. In these areas, nearly 70 creative industrial parks are also developing rapidly.

## **2 Unique Characteristic is the factor of growing legend**

Faced with the phenomenon of explosive development, we are wondering why Creative industries can, in such a short period of time, arouse a wide range of attention across the country and set off new philosophy of creative development?

Featuring space-saving, low power consumption, low pollution, and high value-added and high grade, Creative industries are the mixture of both culture and creativity. They have significant advantages compared to the traditional industries.

Innovation in high-tech industries and the use of creativity to re-shape the traditional culture are the fundamental strength of the creative industries; the former is the scientific strength of the hard power while the latter is the soft power of culture re-builds.

### **2.1 Promoting Social and Economic development---Culture**

Creativity starting with culture, using the culture as its core to create more value will returns to culture in the end.

From an economic perspective, there are at least four characteristics of culture that stimulates the development of economy:

Firstly, culture is one of the economic resources. Acting as economic resources culture can directly generate economic benefits (such as Paintings, works, exhibits, etc.);

Secondly, Culture efforts of magnification and enlargement. Culture can activate other economic factors like management, labor quality, and system arrangement to improve the efficiency of economic operations. The culture impacts on these elements will become a special synergy to increase the productivity.

Thirdly, reform and innovation of culture force. Culture encourages labors to improve their working skills, and enhance the abilities of learning new ideas, so as to create high-quality labor forces.

In the end, improve the city image. With the strengthening of cultural exchanges, cultural becomes the representative of high-grade in Urban development, culture is everywhere in the cities and it plays a more and more important role in urban management, economic growth as well as enhances the city's image.

## **2.2 The main Features of Creative Industries**

Generally speaking, creative industries have these main features:

### **2.2.1 Frontier of Innovation**

The core of Creative industries is human intelligence, the new industries of human creativities and intelligence as their main factors and core elements of production. The experts who work in this fields rely mainly on the their creativity, ideas, talents and skills, thus germination creative culture and technology products are merged, integrated innovation of the products, showing a style of smart, features, and personalized, artistic thinking at the forefront of areas, leading the new trend of production, consumption and services. Creative Industries are not only with very strong vitality and growth, but also indicate broad market prospects.

### **2.2.2 Advanced and high value-added**

Creative industries are knowledge-intensive, high value-added industries, the core of production are including information, knowledge, technology, wisdom, etc., especially intangible assets such as culture and technology; they are also the high-end part of the core of Production of Socialization.

Creativity here is the mixture of technical, economic and cultural. Creative products are new ideas, new forms of technology, especially digital technology mixed with culture and art. It is the mixed and interactive development of technique and culture, so its value is not confined to the product itself, but also for their added-value.

### **2.2.3 Low power consumption and environmental friendly**

In traditional economic development mode, it consumes a lot of energy, the cost of development is natural resources depletion and the continual deteriorate of environment.

Compared to traditional manufacturing industries, the creative industries are non-polluting and low consumption industries; they based on the creative activities of human beings and free from physical resource constraints. The ecological environment will not be polluted for creative industries are sustainable development industries.

### **2.2.4 Space saving**

Creative industries are featuring clustered, network-based, small and flexible.

Clustering, networking means the development of creative industries is the collective interaction and the geographical clustering of enterprises, under many circumstances would be the formation of clusters which the relaxed atmosphere of diversity and unique local culture are their main characteristics.

Creativity industry does not belong to traditional raw materials oriented industries ,they are highly dependent on information and network technology, through the information technology, the world becomes smaller and smaller, therefore, the virtual resource is unlimited, conventional transport is much fewer, space-saving become the trend of company forms. It might be smaller than the small or medium-sized. Micro-enterprises or even personal studio which is smaller and more flexible can work smoothly in the era of creativity. It is easy to break through the "size, physical quantity" of "Hero "concept of traditional evaluation.

### **2.2.5 High grade**

The development of creative industries is the results of a high degree of cultural heritage and cultural atmosphere re-built, because of added cultural elements, creative industries have become a representative of grade. Creative products condensed wisdom of creative talent, which shows high-quality and high-level.

At the same time, along with the development of creative industries, a large number of intellectuals, creative staff gathered together for the region thus bring the fresh thoughts to the region, they are well educated with high cultural awareness, the level of consumption, the new concept, directly or indirectly affect the culture, attitudes and practices of local people, it is appropriate to enhance the culture of the region's living standards and quality.

### **2.2.6 Leading efforts**

As it is said above Creative industries are the mixtures of technical, economic and cultural. It can penetrate into the many related industries sectors, leading the development of these industries, thus to plays a leading role in local economy development.

At the same time, the creative industries of the original industry can also play a role in attracting the reorganization, the formation of the creative industries at the core of the whole industrial chain and the formation of the sound development of interactive. Thus, the creative industries can be thought as an "engine industries" which enable to stimulate the development of the local.

## **2.3 The capability of creative industries**

Because of these important features, creative industries contribute several efforts to the development of regional economics.

### **2.3.1 Enhance efforts**

Creative Industries represent the ideas of the era and lead the revolution directions of both production and consumption. This will help upgrading the industrial structure of the region. They introduce new production elements, the most advanced and high import components to improve the products.

Creative industries are playing unparalleled roles which mainly show in the following areas:

First of all, the creative industries impact industrial structure through the mental and manual labor proportion in work force. Creative Industries are the emerging industries with creation. Creative intelligence factors are the driving force behind industrial development, which will bring the proportion of mental intelligences' to other ones.

Secondly, influence the demand of consumers so as to adjust the industrial structure. Innovative products can meet consumers' demands for spiritual and cultural consumption, so that residents' expenditure on culture and entertainment, education and training and development are increased. It also stimulates the related development of the tertiary industry, and hence the industrial structure adjustment.

### **2.3.2 Reorganizing efforts**

The soul of Creative industry is continual creative activities, this will promote to reorganize the resources and rebuild the competitiveness of the region.

Regional competitiveness is composed of two parts: hardware environment and software ones. Hardware environment include human resources, capital, technology, environment, location, infrastructure and industrial and other factors, the software environment, on the other hand means knowledge, culture, management, systems and other factors. At present, the deciding factor of a region's comprehensive competitiveness is turning from the economic advantages of capital and resources towards human resources, institutional, environmental, cultural and creative innovation advantages.

From a global prospect, creative industries have become an important indicator of measuring a country's or a city's competitiveness. Many nations and regions have viewed the creative industries as important pillar industries, spare a variety of policy

measures and mean to promote the development of creative industries, so as to achieve further improvement of the country or the city's comprehensive competitiveness.

### **2.3.3 Conformity efforts**

The earliest origins of creative enterprises are in a number of old factories and warehouses, because of its relatively cheap rent, as well as good location, a number of artists started their creation work. At the same time as a result of the creative enterprises have the characteristics of industrial clusters, and its related industries continue to attract the formation of creative industrial park, so as to promote regional industrial space reuse. The special layouts adjustment and proper use of lands is encouraged.

### **2.3.4 Positive externality efforts**

The development of creative industry will do well for the image of the region and the investment environment

Because of its dynamic and strong innovative colors, Creative industries not only added new elements to regional industry it also greatly promoted the conversion and upgrading the industrial structure; which helps region to build the image of new scene.

On the one hand, the development of creative industries promotes the regional function of reconstruction, from inside to outside, showing us that the spatial structure optimization and regional image of the brand new, original dilapidated regional as well as the development of creative industries and to re-expose a thriving scene, emitting a bright charming vitality.

On the other hand, accompanied by the rapid development of urbanization, the city's image appeared assimilation. Creative industries because of its innovative features, can effectively enrich the connotation of the original regional landscape, such as the new architectural forms, the unique combination groups, idiosyncratic neighborhoods, the new functional space, and therefore, can be optimized to achieve its regional environment, to shape regional characteristics, re-create the image of the function of the region.

### **2.3.5 Temperament enhancing efforts**

The whole region will benefit from the creative ideas and form unique region temperament.

Culture is the city's software. People's understanding of the city tends to be largely from the city's cultural connotation and human cognitive. In this sense, the city is the carrier of culture, culture is the soul of the city, and the city will grade the city's unique culture through the embodiment. Corresponding to the cultural and creative industries is the core of urban hardware. Cultural and creative can promote the city's

economic, social, cultural and harmonious blend of talented people, rich and enrich people's lives and enhance the city's quality and content, the formation of the city's unique character and charm.

### **3 China's specific conditions create favorable environment**

In addition to the devotion of its own features, the rapid growth of creative industries in China has a unique basis for the development and the environment.

#### **3.1 The reality of China-specific basis, the development stage**

The practice of history tells us that when a country's economic development is at a level of per capita GDP of \$1000-\$3000, it is in an important period. When food and clothing for the basic livelihood of the main requirements are met, people began to care more about the balance between spirit and material. The demand of a higher level of culture, science and technology is growing. In 2007, China's per capita GDP has reached 2000 U.S. dollars, but there are still a lot of the problems to be faced.

First of all, the slow and low level development of the service industry is harmful. In recent years of economic, growth mainly relies on investments to second industry to pull the entire industrial sector. The second industry accounted for 48.64 percent of GDP, compared to the third industry for only 40.09 percent, far behind the developed countries, and low-level service industry occupies a major part of market while high-end service sector has not yet developed.

Secondly, the industry is lack of motivation. Low value-added products as well as export-oriented economic structure are the highly depend on foreign trade, the ability to resist risks is too low, once the foreign trade market has a sign of disturbance, vulnerability of exports departments will be hurt.

Finally, some of the advantage is gradually disappearing. Along with the opening up of neighboring countries such as Vietnam, China's low labor costs and the cheap material advantage are gradually disappearing, and nature resources in China are also limited.

#### **3.2 Special development environment in China**

No matter the problems are, China has its unique environment to develop Creative Industry, Creative industry has unlimited development space in China.

Creative Industries is a market-oriented industry, no matter how good the ideas and the products are, without market, they can not develop healthy. In China, one fifth of the world's population composed the world's largest market. With the economic

development, people's purchasing power is ever-increasing; the pursuit of spiritual civilization has also been increasing. 30 years of reform and opening up, people's consumption capacity was a geometric growth of urban residents. In some developed areas in the education culture and entertainment on the consumer awareness and ability no less than residents in some developed countries in other regions. (Figure 4)

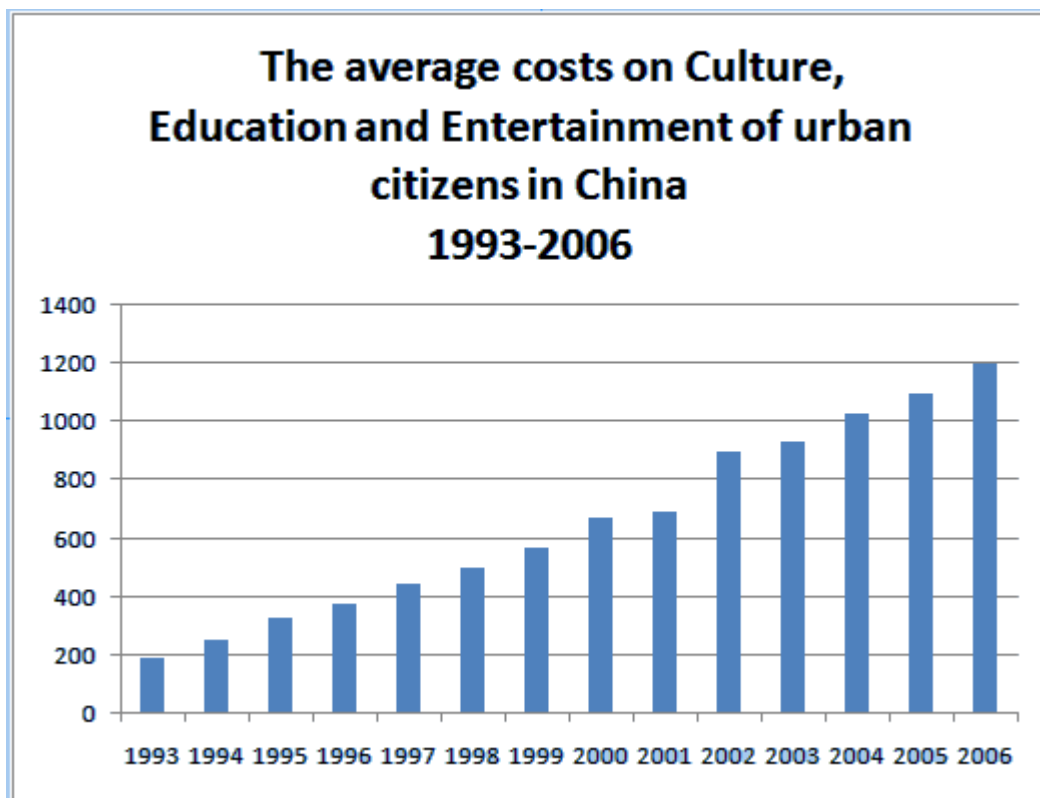


Figure 4: The average costs on Culture, Education and Entertainment of urban citizens in China

Secondly, China has a deep cultural tradition. By the end of January 2008, there are 24 places in China are recognized as World Cultural Heritage by United Nation. To re-cognitive the culture through Creative industry not only shows our respect to the culture but also contributes to all mankind.

Thirdly, the strong support from the government of all levels creates a friendly environment for small-and-medium-sized enterprises (SMS). Preferential Policies can largely help the SMS to cut their costs.

The last but the most important, China has rich human resources. Chinese people are talented and hard-working enough to contribute themselves to this field. In other words, the heaviest burden of the population can also be the most powerful human resources.

## **4. The problems and difficulties during development process**

Although Creative industry has vast potential for future development, it has just begun in China. There are still problems waiting for settlements.

### **4.1 Imbalanced development**

In the early stages of development, many local governments have seen the huge economic and social effects behind the creative industries. However, in China the government-led development mode is very easy to lose their direction. After the construction rush for creative industries Park, the governments lost focus on defining the characteristics of the parks, as long as they are related industries, the companies were accepted by the park which led to the connection between enterprises is not strong enough in the parks. It is very difficult to form an effective chain, so that the improving efforts of these enterprises are reduced. At the same time, the future development trends are not clear. The overall situation at present in the unbalanced development of coordination and concentration has not been made apparent, and the scale effect has not yet been fully reflected. These issues need to relevant departments in the overall planning on a comprehensive macro-control to resolve.

### **4.2 Lack of sense of brand building**

Creative ideas are the most important core of the creative industries. While developing creative industries, many locals focused on simple imitation. Self-owned intellectual ideas are too little to get further development, the awareness to establish of national brand is not strong enough in China. Brand building is a long-term process under the test of the market, to maintain the course of the operation, branding is the access key to high-profit high returns in future. To cultivate their own brands and own-brand loyal consumers has a long way to go for the China creative industries workers.

### **4.3 Inadequate training for Professional creative workforce**

Some colleges and universities have begun to give creative curriculums as well as established creative college. But the development of creative industries requires not only creative talents, but also other creative professional awareness compound talents in the various segments of the industry to grasp the unilateral emphasis. Creative professionals is far from sufficient, instilling type of education can not teach the real innovation, creativity and awareness of perfusion to the entire process of personnel training. At the same time, the update rate of the creative industries and

the development of knowledge and information on a par, so follow-up of creative industries, education and vocational training can not be ignored. If you can not keep up with the changes of the times, seize the latest creative point, it may become the creative industries to phase out super-high rate of their own.

#### **4.4 Public platform has not yet been put in place**

In the development of creative industries the role of public platform is undoubtedly very important, the creative industries, mainly small and medium-sized enterprises, the cost of external affairs are too high. The emergence of a public platform can solve this problem, unity established on the sale of information by collecting, investment consulting, showing the transactions, R & D design information, attracting talent work force, and international communication and so on. Platforms are able to maximize the sharing of resources, so that a genuine creative talent could relieve from the trivial and concentrate on his creative. However, works in this area is obviously far from satisfactory.

#### **4.5 Absence of Industry Alliance**

Alliance of Creative industries in Japan plays a very prominent role of industry associations, even been regarded as an extension of government functions. Almost every industry has their self-regulatory organizations or institutions, these trade associations are the corporation, specializing in the development of industry rules, and safeguard the legitimate rights and interests of members, at the same time compile industry statistics. Industry Alliance knows more than the government about industry-related knowledge, the Union also understand what the industrial development problems are and in a timely manner to convene members of the exchange of experience.

According to the survey, China's creative companies in the industry are complaining the existing Industry Alliances are not good enough, or there is no alliance in certain sectors at all.

#### **4.6 The Copyright Act and other related laws needs perfection**

In United States, the creative industries are almost synonymous with the copyright industries. U.S. Business Software Alliance published data indicate that if the U.S. piracy rate has dropped 10 percent, while GDP will increase 142 billion U.S. dollars and create more than 130,000 jobs vacancies, while increasing revenue 23 billion U.S. dollars.

The world software piracy rate of the overall 36 percent compared to China's software piracy rate is of 82 percent in 2007, declined from 92 percent compared to 2003; it had restored nearly 900 million of direct economic losses.

But still, it is not difficult to see the people's awareness of copyright is not enough, which requires the legislature to establish a comprehensive system of copyright.

## **5 Conclusions**

Looking forward the development of creative industries in China.

The explosive development of creative industries in China is the trend of the times. Favorable environment and improving policies promise Creative industries a broad prospect in China. The development of Creative industries have created a new path of peaceful rising for the developing countries and this kind of development will be the most great glories chapter of Human being.

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