"Changing the Approach to Value Creation." *How Creativity is Changing China*. Wuwei, Li. London: Bloomsbury Academic, 2011. 63–76. *Bloomsbury Collections*. Web. 26 Apr. 2023. <<http://dx.doi.org/10.5040/9781849666565.ch-004>>.

Downloaded from Bloomsbury Collections, www.bloomsburycollections.com, 26 April 2023, 10:03 UTC.

Copyright © Li Wuwei [China] 2011. You may share this work for non-commercial purposes only, provided you give attribution to the copyright holder and the publisher, and provide a link to the Creative Commons licence.

Changing the Approach to Value Creation

Xintiandi is a popular attraction in Shanghai, blending history and culture. The renovated street area in the downtown French Concession district draws together tourism, restaurant dining, business, entertainment and lifestyle. By integrating the design of traditional stone-gated tenement buildings (*shikumen*) with modern architecture, the old alleys have been transformed into recreational and entertainment venues. The renovation has injected new life into the historical tenement buildings. While Xintiandi gives the appearance of a cluster of old buildings its functionality is modern; a strong feeling of modernity exudes the richness of Shanghai culture, the integration of Eastern and Western cultures and a combination of traditional and modern cultures. It is a place of nostalgia for the elderly, fashion for the young, Western lifestyle for the Chinese and Chinese culture for foreigners.

Shikumen and Shanghai Rice Wine form an ideal complement. A product of the Shanghai Jinfeng Wine Company Limited which has a history dating back to 1939, Shanghai Rice Wine was sold at three yuan a bottle. Later, the company generated a new wine product and adopted a creative, modern approach to brand building. It built up an association with nostalgia, using the symbolism of Shikumen while utilizing modern concepts to redesign the packaging. When Shanghai Shikumen Rice Wine was launched it was a market success; a large part of the success was because the brand strategy is not simply rice wine, but wine culture, namely the nostalgic feelings associated with living in Shikumen buildings and the tastes of a younger generation for both Chinese and Western cultural elements.

The Shikumen alleys in Shanghai are lined with traditional stone-gated buildings, a combination of Eastern and Western cultures. But more importantly these are a symbol of Shanghai culture. They provide historical witness to the customs, habits and stories of various historical periods. Taking advantage of these legacies, the Shanghai Shikumen Holiday Hotel opened in May 2005 as a hotel chain. Its aim was to extend the cultural environment associated with the Shikumen buildings and to provide a unique experience of Shanghai culture.

Likewise, Shanghai Shikumen Restaurant is a franchise specializing in Shanghai cuisine. It provides a modern environment blended with traditional local cultural elements as well as generating innovations in traditional Shanghai cuisine.

The Shikumen symbolism demonstrates how successful creative brands can utilize rich cultural resources. Creative brands value personality and individuality and utilize emotional associations; they can inspire imagination and association in consumers. The transformation of historical and cultural resources into business resources requires creativity. This can be achieved in a number of ways.

First, consumers are more likely to accept cultural elements contained in historical resources if the original forms are developed in accordance with the times. This is achieved by integrating modern elements and historical resources, by replacing old with new. If Xintiandi had no modern elements, it would not have attracted so many visitors. Modern technology assists in the process of replacing the old with the new.

Second, many stories are contained within historical and cultural resources and these can be activated through the power of storytelling. The interpretation of stories in various forms and formats disseminates the cultural meanings of historical resources. Telling stories in a creative way integrates original resources, which are waiting to be developed, activating and adding value to these resources. The Shanghai Shikumen Rice Wine is an example of using creativity in brand building through a combination of history, wine culture and music.

A third way is to create emotional responses. Consumer brand recognition and the eventual purchase of a product is a process of changing emotions. To influence consumers and to make them purchase a product is 'the most thrilling leap' for a business. Creativity comes from life, so the generation of good creative ideas must start with an understanding of the psychology of target consumers, especially their emotional needs. The connection point between the product and the consumer's emotions and feelings can then be located and eventually an association can be established between the product or brand and those emotions and feelings. The success of the Shikumen series can be attributed to the exploitation of consumer nostalgia and identification with and attachment to Shanghai culture.

Finally, intellectual property recognition is important for the protection of rights and interests. Creative industries demonstrate that wealth and employment are generated through intellectual property. Many creative and

cultural outputs are easy to copy because of the nature of their material manifestations. They, therefore, need intellectual property protection. In addition, intellectual property is a business tool; it is very important to establish and manage intellectual property when developing historical and cultural resources. Doing so not only protects entitlements but also allows the development of various business activities such as franchises, affiliated shops, OEM production, and transfer transactions.

The Value System of Creative Industries

The value system of creative industries is expressed through two channels. One benefits from the interpenetration and integration of various industries and industry sectors. The other is the benefit of scale brought about by global, creative value-focused restructuring or integration of value modules. Both models require the combination of creativity, technology, products and markets; they also require the establishment of core industries, supporting industries, related industries, and merchandising industries.

Figure 4.1 Value System of Creative Industries

This four-level value system is the ideal model for industrializing cultural creativity and maximizing value.

Core industries

The core industries are those enterprises that continue to generate creative products. They aspire to value innovation; they lead in the distribution and extension of the value chain. The core industries are also the brand or the main products of an enterprise. Creative industries could not develop without core industries.

Supporting industries

Supporting industries are those enterprise groups that directly support production, development and dissemination of creative products. They provide elements and services for the core industries. They include enterprises in the fields of science and technology, finance, media and advertising.

Related industries

Though not directly supporting the production of creative products, related industries provide an enabling environment for the development of the creative industries, particularly in fostering a creative workforce and in promoting and marketing products. Related industry sectors engage in tourism, catering, bar and night clubs, entertainment and training as well as logistics, marketing, design, processing and production of industrial R&D.

Merchandising industries

Merchandising industries provide value-added services and products, such as toys, stationery, clothes and accessories, luggage, food and souvenirs. The more developed merchandising industries are, the further the industrial chain will extend. The wealth created by merchandising industries can exceed that of the core industries, the supporting industries and the related industries.

The clustering of core industries produces a stronger demand for both upstream and downstream related industries in the industrial chain. This demand boosts the development of these industries and then, at some point, helps to establish a new, complete industrial chain. This effect functions like roots crops: it generates multiplier benefits through a process of division, expansion and growth.

The Value Adding of Creativity

The multiplier benefits of creative industries come from a comprehensive industrial value system. A good example is the acrobatic extravaganza 'Era'. This multimedia spectacular, which was produced and performed by the Shanghai Acrobatic Troupe, broke market boundaries. Not only was the audience amazed by the acrobats' control and precision, they were enchanted by a world created by multimedia, technology, lighting and sound effects, elaborate costumes, and original live music. The combination of acrobatics and creativity made the show a real hit. Era illustrated the value-adding model of integrating creativity and technology with tourism products. Here, the core industries are the evolving creative tourism project companies jointly launched by Shanghai Media Group, China Arts Corporation, Shanghai Acrobatic Troupe and Shanghai Circus. The result is a creative product that has dominated the value chain. The supporting industries are the enterprise groups that have directly supported the production, development and dissemination of the creative tourism product. They are engaged in technology, finance, media and advertising. The related industries and the merchandising industries have all played a role in the commercial success of Era. Apart from box office income of 100 million yuan, Era has also reaped more than two million yuan from merchandising.

From Cultural Resources to Business Resources

The most prominent characteristic of creative industries is the encouragement of the infinite release of individual creativity. This creates new products and new market demand by breaking through the hard constraints of material resources. Individual creativity can turn cultural resources into business resources by transforming cultural resources into capital and market. In doing so new channels and new market places will be opened for economic development. It is in these transformations that creative industries are able to rise and develop and to help transform the mode of economic development.

From the perspective of economics, the concept of 'resources' contains the following elements:

First, resources are the combination of various factors that can create wealth or assets. This means that all material, cultural and institutional factors,

including human knowledge and talent, social capital, science and technology, and culture are resources. Second, the transformation of resources into wealth is achieved by human labour. Third, resources are the sum of various factors that already exist which can be developed and used. Resources exist in three forms: abandoned resources, available resources and potential resources. Resources not only exist in different material forms but include intangible information resources such as knowledge, experience and technology.

In the traditional economy, labour, natural resources and capital are the main contributors to economic growth; the role played by human capital depends on the existence and utilization of resources. In the age of the knowledge economy, the leading resources will experience epoch-making changes in economic development, that is human resources and knowledge will become the leading resources and drivers of economic development. When human creativity becomes the leading resource, the definition of what constitutes a resource is broadened and extended to include repositories of historical material, folk legends, customs and traditions, stories and tales which can be developed into useful resources for economic growth. The transformation from cultural to business resources not only promotes coordinated, sustainable economic development but also creates cultural brands and promotes national culture.

The old tenement buildings in Shanghai are structures of historical significance. They are not simply ‘architectural artworks’ and a kind of architectural heritage unique to Shanghai. They are also bearers of history and culture. As residential buildings representing a certain historical period, the tenement buildings are a microcosm of the social life of Shanghai. Now a symbol of Shanghai culture, the tenement buildings are used by other industries to add cultural value to products so as to associate products with particular feelings. This has helped product promotion and helped the successful transformation from cultural resource to business resource. The symbolic value of tenement buildings in Shanghai is a showcase of ‘one source, multi-uses’, the multiplied-benefits business model of creative industries.

Creative Tourism

Creative tourism is a recent development model for tourism industries globally. Its emergence is the inevitable effect of a market shift from the ‘era of mass tourism’ to the ‘era of mass leisure’ and now to the ‘era of personal experience.’

It is also a sign of the desire of tourism to position itself within the knowledge economy. Creative tourism establishes a cross-sector, multi-level industrial chain of tourism by integrating primary and secondary industries as well as expanding the range of activities and attractions. Such expansion stimulates the transformation of regions. Compared with the established development model of tourism, creative tourism has the following characteristics:

The multi-dimensional integration of resources

Creative tourism accords special attention to the integration and transformation of social resources in addition to resources such as natural landscapes and cultural heritage. It seeks to apply creative strategies to transform tangible and intangible resources into marketable products. Creativity is a means of transforming resources into capital and it is also a way for the tourism industries to develop, exploit and integrate resources more deeply and more extensively.

The creation of future cultural heritage

Generally speaking tourism industries develop, utilize and protect historical, as well as existing tourism resources. While China has expended large amounts of financial and material resources on repairing and developing historical sites there is often little attention paid to creativity. As a result, there are few world-class innovative products. From the perspective of creative industries, tourism products are attractions that showcase creative human activities. Areas which lack natural tourism resources need to focus on the production of future cultural heritage. Accordingly, creating tourist attractions for the future is a basic starting point for creative tourism.

Guiding and creating consumer trends in tourism

China's tourism industries tend to have two points of focus: resources and market. The first is the practice of developing products based on natural resources. Scenic spots are the core attraction as well as the industry focus. This kind of tourism operates from the logic of resources. The market-oriented approach arises from the tendency to 'follow the market.' When 'planning cannot catch up with 'changes' in the market, which is often the case, there

Table 4.1 Model Comparison: Traditional Tourism vs. Creative Tourism

	Traditional Tourism	Creative Tourism
Tourist	<ul style="list-style-type: none">• Inexperienced• Unsophisticated• In group	<ul style="list-style-type: none">• Sophisticated• Experienced• Differentiated
Orientation	Resource-oriented and market-oriented	Leading market and consumer-oriented
Resource	Natural scenery, landscape, historical and cultural heritage	Tangible and intangible social resources
Driver	Hard-factor	Soft-factor
Competition	Price competition	Innovation competition
Product Feature	<ul style="list-style-type: none">• Popular for mass market• Separated activities• Single activity• Seasonal tourism	<ul style="list-style-type: none">• Personalized for niche market• Integrated activities• Comprehensive tourism activities• All-season tourism
Industry Boundary	With boundary	Without boundary
Management	Separated	Modularly integrated
Value	Value added for related products	Value added for the entire value system
Goal	Single goal (economic development)	Multiple goals (environmental, economic and social development)

is often loss of investment and waste of resources. It is natural, therefore, for creative tourism to become the new development; creative tourism focuses on the stimulation of potential demand and on consumer trends. Creative tourism

strives to integrate ‘markets and creativity’, producing high value added, a ‘cool’ industrial model.

The expansion and extension of the industrial chain to improve the overall value of a region

Traditionally tourism industries are categorized as service industries. Six elements – travel, shopping, transportation, catering, entertainment and accommodation – are seen as constituting the core tourism activities. The industrial chain includes information and financial services; the value realization of tourism products is, however, the focus. Creative tourism establishes a cross-sector, multi-level industrial chain by expanding the range of activities and attractions and by taking the initiative to integrate with primary and secondary industries. The aim is to stimulate, improve and transform the functionality of a region.

New Values of Creative Tourism

Tourism in the age of personalized experience needs to create experiential tourism products. What people really look for is not simply a leisure and holiday package to please the body and the soul; they look for personalized tourism products with distinctive features to enrich their journey and experiences.

‘Play’ has become an economic resources for an individual, an industry and even a nation. Driven by this trend of ‘pleasure-oriented consumption,’ an increasing number of products and services have begun to provide entertainment functions or to combine with entertainment activities: the ‘play economy’ is no longer limited to certain specific and bounded industries. Everything is done in ‘another way’ to make it ‘more fun.’ ‘Another way’ represents a new way of thinking and a new perspective. Here, creativity plays a key role in creating ‘another way.’ In the ‘play economy,’ there are no trend followers: it depends on what new tricks you can come up with; continuous innovation and pre-empting trends are very important.

Creative tourism aims to bring about smart growth. In order to do this in China it needs to promote cross-boundary development and achieve seamless linkages and healthy interactions between industries. The expansion of the tourism industrial chain needs to focus on breaking through the limited cycle of the ‘six elements of tourism’. To achieve this, tourism industries need to

take advantage of the experiential demand of the entertainment age and make creative tourism an ‘input factor’ and ‘value-added capital’ for business growth. In this way, creative tourism becomes a key link in various industries’ effort to increase the value added (to realize the experiential value). This also enables interaction and integration between tourism and related industries.

Second, consumption stimulates feedback mechanisms that improve performance. The idea of creative tourism provides a broad market base and a leading role in the transformation from ‘Made in China’ to ‘Created in China.’ It enables the upgrading of manufacturing industries into a virtuous circle of consumption – production – consumption. To be specific, tourism functions are extended into the various links throughout the industrial chain, especially into upstream R&D and the downstream sales channels of brands. Consumer demand can be used to guide product design and functional optimization. Consumer preference can be taken into account in brand positioning. Loyal consumer groups can be cultivated and effective sales networks established. Meanwhile, potential consumer demand should be the focus of new industrial spaces. For instance, the development of water tourism activities such as yachting, cruise ships and pleasure boats enables new industries including the manufacturing and design industries of special equipments for yachts and cruise ships and the manufacturing, decoration and repair industries for water sports equipment.

Expanding the ‘spatial chain’: cross-regional joint development

Creative tourism pays attention to the improvement in the overall value of a region. This is typical of what we call the ‘new wooden barrel’ thinking. The old wooden barrel theory states that the capacity of a wooden barrel is determined not by the longest wooden board but the shortest. It illustrates the need for special attention to the strengthening of the shortest board. In contrast, the new wooden barrel theory concentrates on the creation of a bigger barrel space by combining the longest board of the wooden barrel with the longest wooden board of other barrels (or other regions). Likewise, by expanding into other regions the tourism industry chain can expect to achieve joint development across administrative regions and to optimize the distribution of tourism industrial resources in a larger geographical area.

The Yangzi River Delta region is a good example of a ‘spatial chain’. Unbalanced development and non-homogeneous features exist in the region.

A solution is to position the functions of the different cities in this region and establish a tourist destination system with differential strategies. For instance, taking advantage of the natural spaces in the region, a number of competitive, cross-regional tourism clusters would achieve a rational spatial layout, such as a Yangzi River tourism zone, a Taihu Lake tourism zone, a Grand Canal tourism zone, and an East China Sea coastal tourism zone. Tourism platforms, incorporating three levels: government, business and non-profit organizations, will accelerate regional tourism integration. The platforms at government level should cover policy making, policy support and resourcing. Those at business level should include tourism operation networks and transportation. The non-profit organization platforms should engage in R&D and consultation.

The core concept of creative tourism is building new markets and generating new value. Creative tourism needs to avoid the mistake of relying on heavy investment. Instead we need to enter the 'Blue Ocean' by building the value chain. 'Soft power' will be enhanced at the top end of the tourism value chain through intensive inputs of 'intelligence,' through enhanced integration and the transformation of existing natural, economic and social resources of cities and regions, and through the fostering of new industrial forms of tourism.

Shaolin Culture and Innovation in the Performing Arts

With a history of over 1,500 years the Shaolin Monastery in the Songshan Mountains in Henan Province is the ancestral home of Chan, the largest sect of Chinese Buddhism. It is also the birthplace of the celebrated Shaolin Kung Fu. Shaolin culture, which includes Zen, kung fu, medicine and the arts, has become an international symbol of traditional Chinese culture. The *Zen Shaolin Music Ceremony*, a performing arts event staged in the natural environment of Songshan Mountain has showcased and interpreted Zen culture and Shaolin Kung Fu through the universal languages of music and dance. Exploiting Shaolin's popularity, the show combines the local culture with the unique natural landscape. The performance turns the cultural resources of Shaolin Temple into cultural capital, forming a new identity for Shaolin culture and making significant contributions to local tourism, employment and economic development.

Creative tourism emphasizes the integration and utilization of social resources; it transforms tangible resources (the Songshan landscape, local customs and catering facilities) and intangible resources (Zen religion, Shaolin

Kung Fu, music, and performing arts) into capital. In this way the resources advantage is turned into economic advantage and eventually into cultural brands that will be further invested into tourism industries, stimulating all the links of the industrial value chain and making sustainable contributions to the economy. The resources of Shaolin culture can be transformed through investment, planning, media marketing, and the utilization of natural landscapes.

For creative tourism, the key to wealth creation is to expand the tourism industrial chain. Large numbers of tourists watch the performance show at night and they need to eat, live, get around, and shop. The longer they stay, the more products and services they consume. Since the show was first staged, economic contributions by local hotels and restaurants have increased by 30–40 per cent. The recreational and entertainment facilities built to support the performance, such as Zen Street, the Zen Farm and the Zen Courtyard, have provided the complimentary services of dining, lodging and shopping, extending the tourism industry chain and promoting related local industries including real estate, hotels, restaurants, transportation and services. Through strategic marketing and business operations, the Shaolin Temple and Shaolin culture has turned from a cultural brand to an industry brand, a ‘cultural gold mine.’ Through various forms of interpretation and the input of modern elements, the core value of the Shaolin culture – Zen religion and martial arts – has been continuously rediscovered, explored, packaged, marketed and utilized.

Creative Agriculture

In the age of creative economy, the construction of a sustainable, healthy rural industrial system through the development of creative agriculture and the transformation of agricultural development is an innovative way to achieve the goals of constructing a new socialist countryside. So-called ‘creative agriculture’ is not limited to the production of a few agricultural products; it also refers to innovation in the agricultural development model. In comparison with the current development model of ‘R&D, production, processing and marketing,’ the development model of creative agriculture is characterized by the ability to construct a multi-level, panoramic industrial chain. It will combine cultural and arts activities, agricultural technology, agricultural products, farming activities and market demand to form an interactive industrial value chain.

This will open up new opportunities for the development of agriculture and the development of the countryside. This will also maximize industrial values.

In renovating the development model of agriculture, creative agriculture shifts focus onto the construction of a multi-level industrial chain and value system.

For instance, when we use biotechnology to change the physical functions of agricultural products such as their shape, colour and taste, we can also add cultural value. To meet market demand, we can also utilize creativity to turn agricultural products into art works by designing ‘original works from the soil.’ This will greatly increase the value added of agricultural products. For example, a basket of small pumpkins, eggplants and zucchinis of various colours and shapes produced by the Shanghai Fengxian Creative Agricultural Park can fetch more than RMB 300. Square-shaped watermelons carrying laser imprints of Olympic images produced by Taiwan farmers have sold for TWD2,000 each. A pair of walnuts from Beijing, which are named ‘lion heads’ because of their appearance, have a marked price of RMB 18,000 yuan. Other examples include pictures of classic themes of plants and flowers made of straw, tour maps of the Great Wall made from a variety of peas and portraits of the four legendary ancient beauties in Chinese history made of butterfly wings. The raw materials are not valuable in themselves, but they can become bestselling products of great value after being creatively processed by farmers or being worked with by artists.

Developing creative agriculture means activating cultural resources with the power of storytelling and then transforming these into forms of capital that can bring value added for agriculture. A good case in study is Dalian where corn seeds are planted according to a special labyrinth design which eventually grows into a maze of corn. Coupled with restaurants and other tourist attractions that provide authentic local farmers’ meals and showcase farming activities, the labyrinth of corn, the biggest in China, has attracted large numbers of tourists and created new value. China is rich in terms of historical and cultural resources and there are opportunities to make use of these resources to add value to the variety of agricultural products and farming activities through the power of storytelling.

In addition various kinds of festival activities, ceremonial events and production activities attract consumers. Examples include the peach blossoms festival of Nanhui, Shanghai, the bayberries festival of Yuyao, Zhejiang

Province, and the sunflowers festival of Fengle Farm, Henan Province. A variety of cultural performances are orchestrated and presented at these festivals, not only increasing the value of agricultural products and attracting large numbers of tourists but also resulting in the sale of many agricultural products.

For creative agriculture, an industrial grouping consisting of core industries, supporting industries, related industries and merchandising industries can be configured centring on featured products and agricultural zones. In this creative agriculture system primary, secondary and tertiary industries integrate and interact with each other. Furthermore traditional and modern industries, as well as culture and technology will converge. The multiplier effect of industrial value is very obvious here. Currently, Beijing, Shanghai and Guangdong are advocating the development of creative agriculture, but their current practices are limited to the development of featured agricultural products and improved variety of seeds or the development of sightseeing agriculture. Cultural elements need to be added to these projects to improve the industrial chain for the configuration of a large industrial system of creative agriculture.

The development model of creative agriculture not only reflects the requirements of building an economic and ecological civilization but also promotes the development of natural, cultural and social ecology. It has the capacity to construct an ecological civilization characterized by the ‘trinity’ of natural, cultural and social ecology. For instance, agricultural products can be produced through combining with local natural, cultural and social resources. These products and cultural activities, in which farmers are the key players, not only reflect the productivity of agriculture and the leisure function of culture but also increase farmers’ income and educational level as well as promote local cultural heritage. In addition, these products and activities restore local social ecology and expand social functions by providing an aesthetic experience of a real, vivid and fresh farming life. The flow of people and money they attract in turn increases the quality of life of farmers and contributes to the creation of vibrant rural communities. As a result, a virtuous cycle of ‘snowballing’ is created. For example, the Malu Vineyard of Jiading, Shanghai combines tourism, leisure and entertainment services for tourists. People can plant, pick and taste grapes in the vineyard where a fruit and vegetable garden, equipped with modern agricultural facilities and superior variety of seeds, can also help farmers to develop a courtyard economy and to make rural life beautiful to enjoy.