

Industry Convergence in Rural Tourism Development: A China-Featured Term or A New Initiative?

Weili Shen, Bingjie Liu-Lastres, Lori Pennington-Gray, Xiaohai Hu & Jiayi Liu

Industry convergence is a popular term that has been widely referenced in the context of rural tourism development in China. All levels of government (local, regional, national) in China have repeatedly addressed the significance of industry convergence in their tourism plans and related policies. Despite its popularity, limited studies at present have explored this concept. Using Huai'an as a case, this study applied a path analysis and reported the industry convergence process in a destination. The findings of this study can provide both theoretical and practical implications that are useful for tourism planners and policy makers.

Keywords: industry convergence; rural tourism; innovation; tourism planning and development

Introduction

Industry convergence refers to “the merger of two or several hitherto separate industries whose initial boundaries are defined by firms producing close substitutes (Weaver, 2007, p. 2).” Early discussion of this concept is mainly in the field of information technology (Lind, 2004), while recently industry convergence has received increasing attention from China, with a focus on rural tourism development (Xu, 2008; Lu, 2009; Ying, 2016). In 2011, China National Tourism Administration (2011) highlighted the significance of industry convergence for tourism development in China, suggesting that the primary, secondary, and tertiary industries should all provide support to tourism development, and make it a strategic pillar industry. In 2017, the Chinese state council specified that industry convergence is the key to rural tourism development in China and pledged further convergence in rural areas in order to create more opportunities for

This is the author's manuscript of the article published in final edited form as:

Shen, W., Liu-Lastres, B., Pennington-Gray, L., Hu, X., & Liu, J. (2018). Industry convergence in rural tourism development: a China-featured term or a new initiative? *Current Issues in Tourism*. <https://doi.org/10.1080/13683500.2018.1532396>

tourism development. Driven by a top-down developmental approach, many destinations/regions in China have aggressively promoted rural tourism development with a concentration on industry convergence.

Despite its popularity within the Chinese tourism development context, industry convergence is seldom mentioned by scholars from other countries. In the same vein, very limited studies have empirically explored this concept within a tourism management context. The discrepancy here raises a question --is industry convergence merely a China-featured term or it can become a new initiative applicable to a broader tourism development context beyond China? To answer this question, this study adopted a case study approach and presented the industry convergence process took place in Huai'an, China, a rural tourism destination. The purpose of this study was to illustrate industry convergence by providing empirical evidence. In doing so, the findings of this study not only can provide theoretical clarifications regarding the concept, but also can offer further practical implications for tourism planners and policymakers.

Study Context

Traditionally, the economy income of rural areas in China largely depends on agricultural products. However, with China's recent transformation towards a service-based economy and the increasing trend of globalization, the agriculture income in most regions has been shrinking. Tourism development presents a unique opportunity under such circumstance. Developing tourism in rural areas can reutilize the existing resource, bring in additional income, revive the local economy, and facilitate the transformation of local economy (Briedenhann & Wickens, 2004). At the same time, the agriculture industry, along with some other industries have been converging with the tourism industry, which appears to be a critical breakthrough for the local economy as well as a strong contributor to the improvement of the tourism industry at a

collective level. Within the industry convergence framework, the original supporting industries provide the resource while the tourism industry provides the service.

Huai'an is a prefecture-level city located in Eastern China. The city enjoys a long history tracing back to the New Stone Age (about 5000 to 6000 years ago) and has established its national reputation for agricultural products, especially green farms and organic products. Huai'an is equipped with an advanced transportation network consisted of highways, railways, and aviation and is conveniently accessible from all directions. It is estimated that by the end of 2019, the city will be integrated into the economic circle of the Yangtze River Delta, with one-hour travel distance to Nanjing, two-hour travel distance to Shanghai, and three-hour travel distance to Beijing.

Although Huai'an is not a pioneer in the field, it certainly has become one of the fastest-growing and well-developed rural destinations over the past few years (Xu, 2012). As shown in Table1, due to the rapid development of rural tourism, the number of tourists to Huai'an has doubled in the past six years, increasing from 115.9 million in 2010 to 261.24 million in 2016. There have been 52 rural tourism attractions developed over years. Given the rapid development and importance, Huai'an provides an ideal case demonstrating industry convergence in rural tourism development in China.

[Insert Table 1 Here]

Rural Tourism Development in Huai'an, China

This study adopted a path analysis to report the industry convergence process. It is believed that this approach can reveal the various developmental stages and offers a comprehensive understanding on industry convergence and tourism development was intertwined (Huang et al., 2017; Zhuang, 2008). It is essential to understand how rural tourism developed over the years in

Huai'an. Figure 1 presents the timeline of the rural tourism development process in Huai'an. The development process can be divided into four stages: (1) The Exploration Stage (2002-2003): This is a stage when the China central government launched its very first agritourism/rural tourism pilot program nationwide and Huai'an decided to implement the program; (2) The Transformation Stage (2005 – 2009). This is a stage when Huai'an started to develop rural tourism attractions and explored its options (e.g., brewery, parks, farm tours); (3) The Development Stage (2010 –2014). At this stage, rural tourism development has become the central theme of Huai'an's tourism master plan. The local government not only provided extra support to rural tourism development, but also established regulations to manage service standard. Meanwhile, the size and scope of rural tourism development in Huai'an have continued to grow. The Tourism Administration Department has listed several attractions (i.e., Xuyi county) in Huai'an as sample rural tourism destinations at a national level; (4) the Advancement Stage (2015 – present). The rural tourism development in Huai'an at this stage is growing at a slower pace but with a larger impact. Notably, attractions developed at this stage assume a scope that is beyond rural tourism. New sites such as "Liu Lao Zhuang" "Grace Vila" are based on multiple industries/resources, including the agricultural and heritage resources. The "Plant Factory" project is another example. This program is more than creating a tourist site; but rather, it offers a platform where scientists can apply new farming technology and educate local farmers. In addition to tourist income, this program also benefits the local community in terms of experimenting new technology and advancing farmers' knowledge and training.

[Insert Figure 1 Here]

Industry Convergence in Huai'an

This study also tried to reflect the progressive nature of industry convergence. As shown in Figure 2, driven by the policy, the two industries (i.e., the agriculture tourism industry and the tourism industry) started to merge in early stages (Exploration and Transformation). This resulted in some rural tourism products, such as farm-based attractions (e.g., county-tours, agriculture production tours) and nature-based attractions (e.g., parks). Along with the establishment of these attractions, both national and local governments have provided consistent support in terms of policy and funding. The rapid development of rural tourism from 2010 – 2014 have resulted in a flourish of local tourism enterprise and improvement in infrastructure, both of which directly benefited the local community. At the same time, other industries (e.g., the film industry, the technology industry) have gradually participated in the development of new tourism products. This is in part due to the increasing number of tourists visiting Huai'an as well as the constant improvement in infrastructure and built-facilities in Huai'an, both of which result from the development of rural tourism. Currently, Huai'an has become a rural tourism destination that consists of diverse tourism products, ranging from agritourism (e.g., farm-based tours/acitivites), wine tourism (e.g., brewery), film tourism (i.e., Jade Mountain Ecological Park/Film Studios), and heritage tourism (e.g., Cannal Culture Corridor in Huai'an).

[Insert Figure 2 Here]

Conclusions

Rural tourism has been seen as a tool to revive the local economy and has been studied in a variety of regions, such as Cyprus (Sharpley, 2002), South Africa (Briedenhann & Wickens, 2004) and Israel (Fleischer & Pizam, 1997). Using Huai'an as a case, this study explored the development of rural tourism in China from an industry convergence aspect. As shown in the

case, merging the agriculture sector and tourism sector not only leads to the development of agritourism in rural areas, but also serves as a catalyst for further industry convergence involving the tourism industry and others such as the film and the technology industry. One unique thing in the current case, however, deals with the top-bottom approach of tourism development in China. The success of Huai'an largely depends on the support of local, regional, and national governments, especially considering the fact the launch of the rural tourism development program was policy-driven by nature. This is somewhat different from previous cases, which reported that lacking support (Sharpley, 2002) and a private initiative (Briedenhann & Wickens, 2004) were common barriers to rural tourism development. Thus, to implement rural tourism development projects in other areas, attention should be paid to local support. Securing a private-public partnership may also be beneficial in this regard (Briedenhann & Wickens, 2004). Additionally, given the importance of industry convergence during the tourism development process, policymakers and tourism planners should encourage the re-utilize of various resources within a destination.

References:

- Briedenhann, J., & Wickens, E. (2004). Tourism routes as a tool for the economic development of rural areas—vibrant hope or impossible dream?. *Tourism management*, 25(1), 71-79.
- Fleischer, A., & Pizam, A. (1997). Rural tourism in Israel. *Tourism management*, 18(6), 367-372.
- Huang, Xin, Chu, Deping, Lin, Ting, Cai, Muxin, Lu, Shuying, Wang, Lanlan. (2017). Mechanism and Practical Model of Tourism Industry Integration Reducing Poverty in the Old Revolutionary Base Areas. *Resource Development & Market*, 33 (5), 599-603.
- Li, Wenxiu, Li, Meiyun, Wang, Bing. (2012). The fusion of culture art industry with tourism industry: process, pattern and effect. *Journal of guangdong administrative college*, (4), 73-78.
- Li, Shilan. (2013). Cultural tourism industry integration development, dynamic mechanism and effect analysis. *Journal of cooperation in economy and technology*, (18), 18-20.
- Lind, J. (2004, September). Convergence: History of term usage and lessons for firm strategists. In *Proceedings of 15th Biennial ITS Conference, Berlin*.
- Lu, Xiaoqing. (2009). Discussion in the merging of network game industry and tourism industry. *Journal of chongqing university of post and telecommunications (social science edition)*, 21 (1), 42-45.
- Luo, Zhengjun. (2014). Culture industry and tourism industry integration development pattern research. *Journal of travel survey*, (12), 75.
- Sharpley, R. (2002). Rural tourism and the challenge of tourism diversification: the case of Cyprus. *Tourism management*, 23(3), 233-244.
- Weaver, B. (2007). Research proposal: Industry convergence - Driving forces, factors and consequences. 1-20. *Paper presented at 19th Business Administration Conference (NFF)*, 2007, Bergen, Norway.
- Xu, Hong, Fan, Qing. (2008). The obstacles for the integration of tourism industry and its competitive power promotion strategy research. *Journal of tourism science*, 22(4), 1-5.

Yin,Pin,He,Yin,Yuan,Yuan. (2016).Under the background of the inter-city rail depth integration of regional tourism industry development. *Journal of new horizons*, (1), 81-85.

Zhang,Manlin,Zhu,Xinjie.(2013).Liaoning rural tourism and sports tourism integration development pattern research. *Journal of sport culture Tribune*, (7),86-88.

Zhuang,QingE. (2008). Based on the analysis of industrial convergence Angle of meeting tourism. *Journal of Tongling college*, (2), 55-56.

Table 1. Tourist Statistics of Huai'an

Year	Number of rural tourism attraction	Number of tourists (million)	Total tourism income (100 million yuan)
2010	0	115.9	119
2011	0	140.1	146
2012	7	161.42	178.03
2013	30	183.426	204.37
2014	36	209.096	235.73
2015	41	232.379	266.87
2016	52	261.24	308.57

Data source: Website of Statistics Information of Huai'an