Developing creative service industries in Hangzhou, China

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Creativity is changing the People’s Republic of China according to Li Wuwei (2011), a leading Chinese economist and policy advisor. The nation is learning to embrace a “third industrial revolution” (Rifkin, 2011) while banking the economic capital of the carbon-dependent manufacturing economy. Urbanisation is also driving change and consumer culture (Gerth, 2010).

Most of China’s high-value creative service industries are found in the large urban centres of Beijing, Shanghai, Guangzhou and Shenzhen in the coastal provinces. China’s second-tier cities, including Hangzhou in Zhejiang province, are also seeking to make capital out of culture, albeit with different strategies than the coastal hubs. The Hangzhou metropolitan area is the fourth largest in China, with 8.8 million residents. Zhejiang province was once known as the “land of rice and fish.” However, with the increased emphasis on productivity in China’s economic reforms since 1978, the province became an economic heavyweight, characterised by small and medium-sized enterprises often working together to produce complementary products.

As more growth occurs in second-tier cities like Hangzhou and the environmental impact of the manufacturing industries are more apparent, service industries are gaining momentum and support from government think tanks to support growth. Hangzhou is an example of a Chinese city trying to reimagine its future in the post-industrial stage of development. Located in China’s most “industrial” province, it illustrates synergy between entrepreneurship, creative industries and cultural preservation. This links directly into the tourism industry.

Hangzhou’s tourism credentials

The city has been a significant cultural centre for centuries. Hangzhou was the last capital of imperial China during the Southern Song Dynasty (1127-1279), after which the Mongol dynasty established the new northern capital now known as Beijing. Despite this shift of power northwards, Hangzhou retains its identity. In China, people often remark: “Up above is heaven; down below are Suzhou and Hangzhou”, perhaps explaining why the city’s leaders have sought to capitalise on tourism assets. The city has long been renowned for its scenery and waterways and is synonymous with open lifestyles as well as tea, silk and porcelain industries. Almost 1 000 years ago, the Venetian traveller Marco Polo described it as the “most magnificent city in the world”. The pearl of Hangzhou – the West Lake, around which the city is built – is the most renowned feature of the city and is compared to Xi Shi, one of the four beauties of ancient China, whether richly adorned or plainly dressed.
Tourism, recreation and exhibition industries support the city’s goal of being a “City of Quality Life”. Hangzhou’s reputation for lush hills, scenic lakes and an affluent and relaxing lifestyle generates an appealing brand. In reimagining its future, policy makers are keen to take advantage of reputational effects. Titles such as the “happiest city”, the “global exemplary city of leisure” have been bestowed on Hangzhou by the Tourism Research Centre of Chinese Academy of Social Science. Accordingly, the municipal government has been striving to accelerate the tourism industry, as well as facilitate complementary leisure and exhibition industries. Indeed, much of Hangzhou’s positive image comes from tourism. People who have been there often speak highly of its virtues. Hangzhou was acknowledged as the “Best Tourism City of China” of 2006 by the National Tourism Administration and World Tourism Organization; it was awarded the *Prix international de Vénus* by the *Fédération Internationale du Tourisme* in 2007.

Hangzhou’s experience illustrates how cities can exploit cultural heritage to capture tourists and become recognised creative centres and it has become an important destination for international travellers. In 2011, tourism services accounted for almost 6% of the city’s gross domestic product (GDP). In 2012, the total income from tourism amounted to CNY 139.2 billion, or 6.2% of municipal GDP. The majority of tourists are drawn from within China, with domestic tourists numbering more than 70 million in 2011. Tourists from abroad come mainly from Chinese Taipei; Hong Kong, China; Korea; Japan; and the United States. In the first quarter of 2013, total tourism revenue was CNY 28.6 billion while domestic revenue accounted for CNY 25.7 billion of this amount (Hangzhou Municipal Government, 2013a).

Despite the global financial crisis, Hangzhou’s tourism market has remained buoyant. Much of this resilience can be attributed to proactive campaigns by the Hangzhou Municipal Tourism Commission supported by the Chinese Communist Party Hangzhou Committee and the municipal government. In 2009, the commission released 2.4 million sets of coupons with a total value of CNY 150 million combined with a total CNY 50 million value in gate tickets as giveaways to residents of cities in China as well as Chinese Taipei; Hong Kong, China; and Macau, China.

Creative industries initiatives

The creative industries are playing a key role in the post-industrial transformation. In 2004, the State Administration of Radio, Film and Television designated Hangzhou a National Animation Base. The goal is to create a “City of Animation”, building on the province’s competitive
advantage in animation – its capacity to attract workers to these young industrial sectors (Dai et al., 2012).

The first tangible indication of creative industries entrepreneurship occurred when several designers and artists commandeered an unused fibre factory in Gongshu district in 2003. The occupants later named this the LOFT49 Creative Industries Park. When the momentum for cultural and creative clusters broke out in China after 2007 (Keane, 2011), LOFT49 was recognised by the local government as a model for future developments, although its potential has been hampered by the surrounding real estate development. This commercialisation has constrained access by visitors.

Following the directives of the national 11th Five-Year Plan (2006-10), and Zhejiang’s initiative of “Building a Cultural Province” (2005), the Hangzhou municipal government established a Cultural and Creative Industries Office. The Cultural and Creative Industries Office subsequently identified eight sectors: information service, animation and gaming, design, media, crafts, education and training, cultural recreation and tourism, and cultural exhibition. Several new clusters were officially designated. In 2008, the office announced that Hangzhou would aspire to be the National Cultural and Creative Industries Centre, an initiative which was included in the Regional Plan of the Yangzi River Delta, ratified by the State Council in May 2010.

In 2010, 6 creative cluster projects were accredited, taking the total to 16. In the draft document of Hangzhou’s 12th Five-Year Plan, development projects such as these are described as “optimising and upgrading the industrial structure”. According to the Municipal Bureau of Statistics, the added value of cultural and creative industries in 2010 was CNY 70.2 billion, or 11.8% of the GDP of the city. By 2012, this figure had climbed to CNY 106 billion, or 13.6% of the GDP of the city (China Hangzhou Network, 2013). In 2013, Hangzhou was ranked third in “cultural creative industry competitiveness”, behind Beijing and Shanghai (Hangzhou Municipal Government, 2013b).

The line between tourism and creative industries (often called “cultural industries”) is quite blurred in the city. Hangzhou’s policy makers have included recreation and tourism as one of the leading cultural and creative industries sectors. Although it is problematic to assert that a form of tourism is non-cultural, as everything derives from cultural memory in some way, “cultural tourism” is likely to contain more aesthetic and symbolic elements than adventure or lifestyle tourism. Policy makers and academics in China are therefore keen to advance the claim that cultural tourism contributes greatly to the creative industries and vice versa; for instance, the policy advisor Li Wuwei (2011: 69) writes: “Creative tourism accords special
attention to the integration and transformation of social resources in addition to resources such as natural landscapes and cultural heritage.”

The relationship is co-dependent: the creative industries contribute a lot to tourism. Li goes on to say: “[Tourism] seeks to apply creative strategies to transform tangible and intangible resources into marketable products. Creativity is a means for transforming resources into capital and is also a way for the tourism industries to develop, exploit and integrate resources more deeply and extensively.” For instance, the popularity of Xixi National Wetlands Park adjacent to West Lake and a Jiang’nan Club in Hangzhou were featured in the popular Chinese film *If You Are the One* (2008). As witnessed with the film *The Lord of the Rings*, which generated substantial tourism revenue for the south island of New Zealand, cinema can be a vehicle for place branding.

Cultural precincts have the potential to become consumption hot spots; leisure zones also become cultural quarters. Smaller clusters and cultural quarters that attract visitors include the Ideal & Silian 166 Creative Industries Park where artists, designers, musicians and photographers gather to exchange ideas. There are also seminars, concerts and theme parties in the park, while Nanshan Street showcases a nightlife scene with traditional teahouses and modern pubs.

**Impression West Lake**

Encircled by Hangzhou’s Central Business District in the east and mountains on all other sides, West Lake is said to “epitomise China’s typical landscape, the interaction between the nature and human beings, who respectively turn the [l]ake into marsh land and conduct reshaping, in past thousands of years” (Hangzhou Municipal Government, 2010). This spectacular natural landscape is suffused with legends and stories, many of which are well known to people of Chinese heritage.

In 2011, West Lake was included on the UNESCO World Heritage List ([www.worldheritagesite.org/sites/westlake.html](http://www.worldheritagesite.org/sites/westlake.html)). From 2002, the city government restricted the sale of tickets to scenic spots; it also started protection and reconstruction projects. With the support of government and citizens, the management committee of West Lake has endeavoured to promote a new “West Lake” each year; projects like West Lake Xintiandi and *Impression West Lake* have resulted in increased awareness of Hangzhou. West Lake remains the first and the only free 5A scenic spot (top category tourist attraction) without an entry fee in China. It is said that the free access to the scenic spot has contributed greatly to the sense of happiness of the local residents.
Impression West Lake is an ambitious outdoor performance project integrating art, pyrotechnics and sound. The performance of cultural stories in tourist locations is not a new strategy in China and demonstrates the increasing autonomy and professionalisation of artists. There is a long tradition of cultural performance in modern China. In the past this was supported through government funding. In the early 1980s, the urge to professionalise was facilitated by a change in cultural policy in 1978. Throughout the 1980s and 1990s, a series of reforms moved art closer to the marketplace until in 2001 the government formalised the term “cultural industries” (Keane, 2007).

A few years later, the cultural industries were challenged by an imported model, the “creative industries”. Tourism came to the fore as China’s trump card. With a recorded civilisation dating back some 4 000 years, China had plenty of resources; the issue was how to make these attractive to a new generation.

Tourists provide bread and butter revenue for cultural troupes throughout China. Repertoires tap into local cultural traditions. The involvement of film directors is a newer development and has led to greater professionalisation of tourist services and tie-ins with creative industries. The so-called “landscape play” provides us with a perspective on what Nestor García Canclini (1992) calls “cultural reconversion”; that is, the process of turning older forms of culture into newer forms. The landscape play was devised by Mei Shuaiyuan, a native of Guangxi province. Mei instigated Impression Liu Sanjie in Guangxi in March 2004, a fable about the beautiful third daughter of a peasant who used to sing to workers in the rice fields. By the end of 2012, Impression Liu Sanjie had been performed more than 2 700 times, accruing more than CNY 600 million in earnings (Xinhua News, 2012). In many respects, the landscape play model achieved its success largely because of Mei’s collaboration with the renowned film-maker Zhang Yimou, who is probably best known for choreographing the opening and closing ceremonies of the 2008 Beijing Olympics.

Zhang and Mei continued the series with Impression Lijiang in 2006 and Impression West Lake a year later. Impression West Lake is staged in Hangzhou. Like its predecessors, it emphasises folk stories, which are given a new lease of life with innovative and technical stage effects set against the beauty of the natural landscape. What is interesting about Impression West Lake, moreover, is the addition of pop stars and celebrities. Jane Zhang (Zhang Liangying), the runner up of a Chinese version of Idol called Supergirls (chaoji nüsheng), sings the theme song. The Japanese new age musician, Kitaro, also joins the team, his atmospheric effects hinting at a broader pan-Asian appeal.
The core concept of *Impression West Lake* is concerned with myths and legends of West Lake. The official website describes the performance as leading the viewer to a sweet 1000-year dream. Indeed, the slogan “Authentic Dream” extends an invitation to explore Chinese culture and this is a marketing pitch directed at international travellers, one segment of *Impression West Lake’s* target audience. *Impression West Lake’s* success therefore lies in the integration of education, entertainment, escapism and aesthetics (Pine and Gilmore, 1999). Targeting domestic and international audiences, *Impression West Lake* commodifies collective identity, inspires love of national culture and educates the community about their common cultural heritage.

**White Horse Lake Eco-Creative City**

The White Horse Lake area is located at the southern part of Hangzhou’s Binjiang district. The northern area promotes its achievements in hi-tech industries such as micro-electronic information, biomedicine, optical-mechanical-electrical integration and various computer applications. The northern area of Binjiang also hosts a “National Animation Base.” The less-developed southern part has primarily relied on agriculture. In recent times, however, the green land of the urban fringe has become a new site for redevelopment according to Hangzhou’s modernisation programme.

Mountains and creeks surround the southern part of the lake, providing a natural landscape with potential for tourism. The White Horse Lake area is well endowed with cultural significance and is home to a number of historical heritage sites, including the City of the King of Yue (built in 493 BC), the Xixing Canal (excavated in 301-312 AD), and the Guanshan Temple (first built in the late 12th century). In order to facilitate the city’s goal of becoming a “national centre of cultural and creative industries”, in November 2007 the Binjiang district government tendered a design contract to the China Academy of Arts. The intention was to build the White Horse Lake Eco-Creative City focusing on the use of natural resources, and as the name suggests, which would organically nurture creative endeavour.

The project has a designated area of 20.5 km², making it the largest cultural and creative industry zone in terms of scale in China. Eighteen villages with a population 52,000 residents are included in the development. The site is situated close to transport infrastructure, including the Hangzhou Xiaoshan International Airport and the urban subway.

The project includes the establishment of a national cultural and creative industries precinct, a tourism and recreation site, an urban aesthetics and architectural aesthetics “demonstration area”, and a “harmonious entrepreneurship demonstration area”. The slogan is “to live, to work, to
visit and to experience the culture” (White Horse Lake Eco-Creative City, 2012). The project began with the conversion of farmhouses into fashionable work studios, known as “farmhouse SOHOs”, for cultural and creative professionals. The overall farmhouse SOHO scheme covers 500 households in 4 villages. The farmers are encouraged to either sell or lease their houses to the government. By 2012, there were 160 enterprises occupying farmhouse SOHOs (White Horse Lake Creative Eco-City, 2013).

An experimental precinct – China Academy of Arts SOHO Creative Park, or SOHO Park for short, was opened in April 2009. At least one enterprise of each of the eight sectors of Hangzhou’s designated cultural and creative industries is located in the SOHO Park. Closer examination reveals that over half of the companies and work studios are related to the China Academy of Art: some are even the creative practice bases of the academy’s students.

Another major project is an animation plaza, designed by the China Academy of Art around the traditional Chinese concept of “mountain and water”; it includes a convention and exhibition centre, office buildings as well as hotel facilities. It opened in April 2010 for the China International Cartoon and Animation Festival (CICAF, 2013) and has become the permanent site of this festival. In 2011, the Animation Plaza became one of the three main sites of a Leisure Expo. An animated work called “Scene of Southern Song Dynasty” was exhibited, from the producers of the much acclaimed “Riverside Scene at the Qingming Festival” which was a star exhibit in the Shanghai World Expo 2010.

The planners of the White Horse Lake Eco-Creative City endeavour to fuse innovation, creativity and tourism. Efforts are dedicated to implanting innovation and creativity into the rural locale; for local residents, the introduction of the creative class has changed the population mix. Policy makers are hoping that this experiment will pay dividends. The focus on animation, arts and information technology is based on proximity to the high-tech zone, from which an inflow of innovation and creativity is expected.

The farmhouse SOHO model anticipates a new approach to creative reconversion. In many instances, creativity is used to gentrify obsolete industrial areas. In the case of White Horse Lake Eco-Creative City, the conversion of farmhouses suggests an eco-friendly process. Agricultural sightseeing and tourism are also promoted as part of the reconversion package: the project includes the construction of a museum of fishing culture. The infusion of the creative industries into the district has the appeal of raising the cultural level of the locals while bringing the more materialistic city dwellers into closer union with nature. In terms of
“experiencing culture”, farmers are being educated in arts and creative industries; some have started enterprises in art and tourism-related fields. Meanwhile, it is hoped that the “creatives” who move to the area will embrace rural life and appreciate the simplicity and honesty of the farmers. The project caters to a key plank of the harmonious society programme, where farmers and creatives nurture each other, working together harmoniously (Keane and Wen, 2013).

By June 2012, CNY 3 billion had been invested in the White Horse Lake Eco-Creative City. The animation plaza and SOHO Park were in use and a number of creative tourism sites were underway including the Zhu Deyong Humour Museum, the Greatdreams Creative Park and the National Animation Museum. In addition, a Cross-Strait Cultural and Creative Industries Research Alliance initiated by several universities in China and Chinese Taipei has recognised White Horse Lake Eco-Creative City as the permanent conference site.

Concluding remarks

A critical success factor underpinning Hangzhou’s tourism industry is that the government has made the city’s cultural assets available to both local residents and tourists. Free entry into the precincts of the West Lake, including the popular Xixi Wetlands precinct, indicates a positive gesture of appreciation and welcome for visitors. The loss of income from tickets is compensated by income from hotels, restaurants and the purchase of souvenirs. Branded as the “happiest city of China”, Hangzhou is also seeking to become a place that attracts creative professionals. Some comment that Hangzhou is a “place for creation” (Wen, 2012).

Hangzhou has an impressive pedigree in art and design. At the official level, it has one of the top art education institutions – the China Academy of Art. Considering itself as a “city builder”, the China Academy of Art is involved in many municipal projects. At the “grassroots” level, a tradition of entrepreneurship exists, reflecting the entrepreneurial spirit found in Zhejiang province. In addition to top-down planned clusters, many creatives have identified specific locales, usually disused industrial sites, to start businesses. As mentioned above, creative workers in fashion design, animation and graphic design have taken up the offer of moving to the urban fringes.

Government has invested heavily in both tourism and the cultural and creative industries. Investment in infrastructure and protection of cultural heritage and the environment has resulted in Hangzhou having a range of attractive destinations for tourists. *Impression West Lake*, while a franchise operated by Zhang Yimou and Mei Shuaiyan, provides a great deal of
employment and tourism training for local residents. It also enhances the brand equity of Hangzhou as a city of culture and creativity. In the White Horse Lake Eco-Creative City, creative tourism has become a manifesto. The government has played a role in attracting cultural celebrities and providing work studios, aiming at generating a “halo effect.” These include the cultural producer Yang Lan, writer Yu Hua and cartoonist Tsai Chih Chung, as well as the British creative economy consultant, John Howkins.

There have been problems with some of the high-profile projects. Impression West Lake has received criticism for excessive commercialisation and the amount of government investment required to subsidise the project. The White Horse Lake Creative Eco City project remains aspirational and only time will tell if it will achieve its outcomes. It may take time for farmers and creatives to appreciate and nurture each other. Conflicts have taken place when farmers are unhappy with the conversion of their houses into artist spaces.

However, Hangzhou’s ambitions to convert cultural assets into modern lifestyles and to reposition itself in the “third industrial revolution” are playing to the strengths of its tourism industries. Hangzhou’s “happy” mix of entrepreneurial creativity and cultural heritage reflect a strong city brand and a robust cultural identity.

References


