Research on the Development Strategy of the Cultural and Creative Industries in Tongzhou District Based on the Diamond Model

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Abstract: This paper applies Porter’s Diamond Model according to the characteristics of the cultural and creative industries and adds “innovation and brand building” to Porter’s Diamond Model as the core factor. Then it analyzes and summarizes the factors that influence the development of the cultural and creative industries according to the actual situation in Tongzhou. At last, this paper proposes three strategies that can promote the development of the cultural and creative industries in Tongzhou District.

Keywords: Cultural and creative industries, Diamond model, Strategy research, Tongzhou District

1 Introduction

The cultural and creative industries are innovative and cultural, have high added value and intellectual property, have a huge impact on other industries and can integrate with other industries. They meet the characteristics of the era of knowledge economy. The cultural and creative industries are new highlights of national and regional economic growth and new methods to gain competitive advantage [1]. As emerging industries of Tongzhou District, the development of the cultural and creative industries can enhance the region’s cultural soft power and competitive power and play an important role in the economic development process in Tongzhou. So there is a strong practical significance to study on the development strategy of the cultural and creative industries in Tongzhou according to its actual situation. In addition, this paper can provide theoretical guidance for the development of the cultural and creative industries of Tongzhou.

The Diamond Model was put forward by Michael Porter, the famous strategic management expert in Harvard Business School in 1990. It is used to discuss a company’s capability to compete in a domestic market and study a domestic market capability to compete in the global market [2]. After proposed, the model has been greatly recognized and stressed in the government sector, academia and the business community. Now the theory has been widely used in the research fields such as the competitive advantage of nations, industrial competitiveness and so on. There’re also many scholars using the Diamond Model to study on the cultural and creative industries. Lu Lijun and Yu Binbin (2010) described the Diamond Model on the regional dimension of economic analysis and studied on the interactive development of the industrial cluster and specialized market [3]. After adjusting Michael Porter’s Diamond Model according to the characteristic of creative industries, Yang Xiuyun and Guo Yong (2010) constructed a theoretical model of creative industries’ international competitiveness and their evaluation index system, then used the mode to research the international competitiveness of China’s creative industries [4]. Fang Hui and Shang Yanan (2012) developed Porter’s Diamond Model theory and applied it to cultural trade competitiveness’s theoretical analysis and empirical research [5]. Huang Dejun (2013) analyzed the elements that influenced China’s digital content industries under the perspective of Diamond Model. And the article also provided effective measures and proposal for China’s digital content industries [6]. Shi Zhuohong and Zhu Hailing (2014) proposed the evaluation system of strategic emerging industries based on the Diamond Model and discussed the elements that affected industrial development [7]. It can be seen that the domestic scholars mostly innovated on Porter’s classic Diamond Model according to the actual development of a country or industry and analyzed industrial competitiveness on the basis of the innovative model. However the number of scholars who applied Diamond Model to analyze industrial development strategy is few. And the theoretical research on analysis of industrial strategy based on Diamond Model is not perfect. So it’s
necessary to do a research on the development strategy of the cultural and creative industries in Tongzhou according to Tongzhou’s actual situation.

2 Analysis of the Impact Factors on the Development of Tongzhou’s Cultural and Creative Industries Based on Diamond Model

2.1 The application of diamond model

Porter’s Diamond Model demonstrates that there’re six factors deciding whether a specific industry of a country is competitive. There’re four different determinants of Porter’s Diamond Model. They are factor conditions; demand conditions; related and supporting industries; firm strategy, structure and rivalry. Another two subsidiary factors are government and chance \(^8\). These six factors form a dynamic and competitive system. However, in order to describe the cultural and creative industries’ characteristics of innovation, this paper needs to add a core factor to the classic Porter’s Diamond Model: innovation and brand building (See Figure 2-1).

![Figure 2-1 Diamond Model](image)

Innovation is the core of development of the cultural and creative industries, has the fission effect and can inspire great commercial value. Brand is the premise of growth of the cultural and creative industries. Brand building can not only bring a premium for an enterprise, but also can attract domino-style development and reinvestment by expanding industrial chains. Thus this model adds innovation and brand building to Porter’s Diamond Model as the core factor. The factor interacts with factor conditions; demand conditions; related and supporting industries; firm strategy, structure and rivalry. These five factors impact the cultural and creative industries directly. And government and chance are still subsidiary and indirect factors.

2.2 Analysis of the impact factors on the development of Tongzhou’s cultural and creative industries based on diamond model

(1) Innovation and brand building

Tongzhou’s cultural and creative industries have been making untiring efforts on innovation and brand building. There’re lots of artists gathering in Songzhuang. They applied innovative painting skills and creative ideas to artistic practice and created a large number of excellent paintings. Their innovation has improved Songzhuang’s fame and contributes to the boom in the artwork market of Songzhuang. Beijing Modern Music Academy has offered lots of excellent works by creative techniques, new skills
of music production and innovative ideas on modern music education. Furthermore, she has trained many outstanding musicians. At the same time, Jiukeshu area has gathered a large number of musicians with the reputation of Beijing Modern Music Academy. The brand cohesion of Jiukeshu music clusters has been strengthened gradually. As industrial benchmarks, Songzhuang and Beijing Modern Music Academy have attracted lots of high-quality resources and talents and provide opportunities for the development of various cultural and creative enterprises in industrial clusters. But there’re still many firms lacking of innovative consciousness, innovation power and brand influence. Besides, these firms have low economic benefits. Thus, it is still the main direction for development of cultural and creative industries in Tongzhou District to enhance the awareness of innovation and brand building of cultural and creative enterprises.

(2) Factor conditions

Firstly, compared to other districts in Beijing, the biggest advantage of Tongzhou is that it’s rich of talents on cultural and creative industries. Right now, Songzhuang has gathered more than 5,000 Chinese and foreign artists and Jiukeshu has gathered about 5,000 musicians. The number of people who are engaged in cultural and creative industries is totally 20,000 and represents 1.83% of the region’s permanent residents. The number of cultural and creative talents in Tongzhou will increase with the development of cultural and creative industries’ clusters. As Songzhuang and Beijing Modern Music Academy grow, they’ll provide lots of creative talents continuously. As located in Tongzhou District, Beijing Film Academy will train many movie actors. The International Resort will also attract amounts of senior management talents in the future. With so many artists and related professionals gathering, Tongzhou’s cultural and creative industries have gained great advantages.

Secondly, among the production factors of Tongzhou’s cultural and creative industries, the technical elements have not gained balanced development. Some industries like creation of electronic music, stage shows with acousto-optical and electronic technology and modern intelligent logistics are high-tech. Besides, some firms even spent lots of money buying the most advanced overseas equipment and had become the technology benchmarks in their industries. However, there’re still some cultural and creative projects like antiques and paintings which cannot change the operation mode, expand market and improve economic performance without technology. This situation is not only because of industries attributes but also because of environment. For example, enterprises cannot use IT technology conveniently because of the underdeveloped IT in Tongzhou. It can be seen that the balanced development of Tongzhou’s technical elements is the direction for developing cultural and creative industries in the future.

Thirdly, all the large-scale projects of cultural and creative industries are able to get various degrees of support from the government. At times, the government will finance some major projects directly. Tongzhou’s fund is relatively abundant from this way of thinking. The impact that financial factors have on the competitiveness of cultural and creative industries will be reflected indirectly through the ability to get investment. And there’re few financial institutions in Tongzhou. The investment that they made in cultural and creative industries is even less. There’re some disadvantages in financial factors from another way of thinking. The scarcity of investment and finance is restricting development of cultural and creative industries in Tongzhou.

(3) Demand conditions

With the improvement of living standards, residents’ demand for culture and creation is also rising. According to foreign experience, when per capita GDP is more than 3,000 U.S. dollars, residents will increase their consumption demand for spirit. Beijing’s per capita GDP is more than 3,000 U.S. dollars and most Chinese regions have already been beyond the standard, so residents’ demand for cultural and creative products is strong. Under the steady growth of macro-economy, Tongzhou’s per capita GDP is also rising. It provides a strong economic base for residents’ spiritual consumption, see Figure 2-2.
It can be seen that residents’ consumption level in Tongzhou and in the whole country is rising and the demand for cultural products is strong. It has laid a good foundation for expanding the national market of Tongzhou’s cultural and creative industries. But there’re only a few cultural products for consumers in Tongzhou District. And many citizens have to drive to the downtown for cultural consumption. Because Tongzhou’s market cannot meet residents’ consumption demand, its potential is huge. In addition, the existence of Tongzhou’s cultural commodity exchange market not only promotes creative talents gathering but also contributes to regional trade of creative products. Consequently, the cultural commodity exchange market of Tongzhou has become more prosperous.

(4) Firm strategy, structure and rivalry
Development of industries is due to growth of enterprises. This requires a company to make excellent development strategy, establish a rational organizational structure and gain higher market competitiveness and centralization. Firstly, making excellent development strategy can make the enterprise perform well in the market as well as lead other companies to be excellent. Secondly, competition among companies will inspire their strength and competitiveness. Thirdly, a good market structure will help each of the enterprises link up its business to others, make the division of labor more specialized, improve companies’ efficiency and enhance industrial competitiveness of the entire region.

The ability of the cultural and creative enterprises in Tongzhou District in strategy formulation and structural optimization needs to be strengthened. Currently, Tongzhou only has a few leading cultural and creative enterprises. Their business model, management experience and marketing channels haven’t played a good role in guiding and leading others. Tongzhou has gathered lots of small and medium enterprises of the same type, but these enterprises do not compete viciously. They choose to highlight their own characteristics, develop their own strength and focus on one certain type of business. It can be said that these small and medium enterprises can enhance their competitiveness fully. However, the convergence of industrial chains is not perfect so that the industries’ efficiency is low.

(5) Related and supporting industries
Industrial competitiveness not only derives from its own ability but also from the related industries. Fortunately, our era is ready for the development of cultural and creative industries. It’s much more simple and convenient for people to gain knowledge and information due to developed media industries. Because of rapid development of IT, the means of payment become richer and more convenient than before. As the delivery of cultural products is out of geographic restrictions, creativity can be integrated into diverse products. Because the manufacturing chain is complete and efficient, cultural and creative products are of high quality and low price. These products expand the market well. As people strengthen their concepts of intellectual property rights gradually, copyrights of cultural and creative products have
been well protected. Support from related industries has created a good environment for development of Tongzhou’s cultural and creative industries.

(6) Chance
Development of Tongzhou’s cultural and creative industries is currently facing a lot of opportunities. First of all, the coordinated development of Beijing, Tianjin and Hebei has been elevated to a national strategic level. Tongzhou District, next to Hebei and Tianjin, is an important strategic node which contributes to coordinated development of Beijing, Tianjin and Hebei. Thus cultural and creative industries in Tongzhou gained unprecedented development space and market. Secondly, as the sub-center of Beijing, Tongzhou will not only play an important role in transferring Beijing’s central functions and industries but also attract much more excellent resources and elements. These provide a good environment and solid foundation for the development of cultural and creative industries. Thirdly, the major cultural and creative parks such as Jiukeshu area, Taihu Publications Exhibition Trade Center, Songzhuang National Creative Design and Artwork Trading Centre and Cultural Tourism Zone are all included in the range of Beijing Cultural and Creative Function Area Planning. It can provide guarantee for Tongzhou to get more financial and policy support.

(7) Government
Tongzhou government has made a difference in market planning, market guidance and market incentives. Firstly, it designed Tongzhou Major Cultural and Creative Parks and Projects Planning according to Beijing Cultural and Creative Function Area Planning. Secondly, it organized some promotion campaigns to introduce Tongzhou’s cultural and creative parks and projects. Thirdly, the government built industrial communication platform, expert database of cultural and creative industries and financial platform to serve these cultural and creative enterprises. Fourthly, it arranged the project application and help cultural and creative enterprises apply for financial and policy support. The attention and support from Tongzhou government has laid good foundation for development of cultural and creative industries.

This paper analyzes the impact factors on the development of Tongzhou’s cultural and creative industries based on Diamond Model. It can be concluded that, firstly, Tongzhou’s cultural and creative industries are facing an unprecedented major opportunity. Besides, Tongzhou government pays close attention and gives full support to cultural and creative industries. All of these provide convenience for development of Tongzhou’s cultural and creative industries. Secondly, because of the rich talents resources and strong market demand, the advantages of cultural and creative industries are obvious. Thirdly, there’re some disadvantages in development of cultural and creative industries in Tongzhou. Cultural and creative industries are lack of brand influence and brand cohesion. Their attraction to resources and talents needs to be improved. Currently, Tongzhou only has a few leading cultural and creative enterprises and these leading companies don’t play good roles in guiding and leading others. Beyond that, the convergence of industrial chains is not perfect so that the industries’ efficiency is low. In brief, these problems are needed to be solved for development of cultural and creative industries as well as the focus of the development strategy.

3 Strategic Focus of Cultural and Creative Industries in Tongzhou District

3.1 The brand-building strategy
In the process of culture and creation penetrating into real economy and virtual economy, brand building, promotion and maintenance of cultural and creative products can help them be more popular. At the same time, successful brand building of cultural and creative industries can not only enhance its own value, but also promote the development of various industries in the whole industries so that it can improve regional, urban and national economic development.

(1) Strengthen brand awareness
Brand awareness is the spiritual foundation of brand building. To make the brand concept deeply rooted, the government should propagandize the importance of brand building and encourage companies to
explore methods of brand building by lectures, seminars, discussion groups, etc.

(2) Focus on brand differentiation
As the promotion of cultural and creative industries to economic growth is apparent, there’re more and more cultural and creative enterprises. However, the clusters are almost of the same type and don’t have clear development orientation. It’s not conducive to formation of core competitiveness and sustainable development. The government should define brand positioning for each industrial park and establish the brand awareness of differential development according to each region’s cultural trait and Beijing Cultural and Creative Function Area Planning.

(3) Pay attention to brand diffusion of cultural and creative industries
The brand of cultural and creative products is symbolic just like other products’. This feature makes products reach consumers by certain channels and realize their value after evaluation of consumers. So successful brand building must be accompanied by effective communication channels. Based on celebrity effects, Tongzhou can spread cultural and creative brand by holding public welfare activities and other media marketing modes. The firms can also create unique and memorable experiences for consumers by setting up “Digital Music Experience Zone”, “Ceramic Experience Zone”, etc to promote their own brand. In addition, the government also needs to use network tools to propagandize and promote its brand, for example, introduce and propagandize its own brand at the official website.

3.2 The project-driven strategy
The major industrial projects and enterprises in the field of cultural and creative industries are important foundation to achieve national cultural strategies. The major projects and enterprises are able to attract capital, talents, technology and information and other important strategic resources. Then, it can gather and promote optimal allocation of cultural resources. Consequently, it can adjust the industrial layout and structure of cultural and creative industries.

(1) Promote the construction of major projects
For one thing, the government should collect major projects focusing on cultural and creative industries for the next years in Tongzhou and strive for establishing, importing and fostering a number of major projects with comprehensive competitiveness. For another thing, the government should focus on constructing “National Fashion and Creation Center”, “Chinese Artworks Industries Expo”, “Universal Studios” and other major projects to attract the cluster of capital, talents, technology and information and other important strategic resources.

(2) Promote the cultivation of major enterprises
Firstly, Tongzhou government should take leading enterprises as the foundation of industrial clusters and support them prior. Secondly, it also should implement the incentive funds and financial support funds for leading enterprises and provide them with policy support and follow-up service. Thirdly, attracting the related industries settling in Tongzhou helps to the extension of industrial chains and the expansion of enterprises’ scale so that the cultural and creative enterprises will be more industrial and clustered.

3.3 The chain-expanding strategy
Artwork creation and trade, publishing, original music and leisure tourism are the superior industries of Tongzhou’s cultural and creative industries. The cultural and creative industries in Tongzhou have made great progress. But their development is also facing some challenges as the competition of cultural market goes fiercer. To improve products’ added value and enhance industrial synergistic effect, the government needs to expand its chains. This will improve the competitiveness of cultural and creative industries and promote its further development.

(1) Artwork creation and trade
Tongzhou needs to develop creation link, trade link and other links of artwork, especially trade link and auction link. Firstly, it should promote the primary market of artwork to develop. Then, encourage industrial parks, galleries and art exhibition to play roles in exhibition link, trade link and circulation
link. Secondly, it needs to activate and regulate the secondary market of artwork, cooperate with domestic and foreign famous auction agency so that the auction market can be prosperous [11]. Thirdly, the government needs to strive to foster the exhibition, trade and auction agencies of artwork relying on China (Beijing) International Cultural & Creative Industries Expo and China Artwork Industries Expo. This contributes to forming combined effect of auction of artwork and prospering the trading market of artwork. E-commerce acts a great role in marketing link and exhibition link, so it needs the government to support the e-commerce network of art trade to develop.

(2) Publishing

Tongzhou needs to develop the business of digital publishing. It could set up a website to provide new reading experience for citizens and meet citizens’ needs of reading. In addition, the combination of digital technology, network technology and traditional publishing industries not only helps the publishing industries become networked but also helps traditional publishing transform to digital publishing. So it needs to promote the combination of digital technology, network technology and traditional publishing industries to create an industrial chain of digital publishing which is the combination of digital books, digital newspapers, web publishing, mobile publishing, electronic publishing, etc.

(3) Original music

It needs to take Beijing Modern Music Academy as the core to build an industrial chain including production of digital music and copyright trade of digital music. So the government should introduce music talents and provide financial support and platform support for them. Then it needs to encourage the local music companies to research, develop, create and produce the music works with independent intellectual property rights. To catalyze original music’s arrangement, music, mixing and recording, the government should combine the leading enterprises of telecom operators, domestic leading enterprises of digital music and the internet leading enterprises and encourage them to establish bases of digital music. At last, it needs to improve the technological content of digital music to promote the originality and production of digital music.

(4) Leisure tourism

The leisure tourism industry which is combined by theme parks, clusters of cultural and creative industries and cultural activities should be developed prior. So it needs to explore the cultural tourism and waterfront leisure tourism which associates characteristic towns with waterscape. To accelerate the merging of traditional and fashionable entertainment, the government should explore new entertainment formats and promote some comprehensive cultural projects to locate, such as Universal Studios, Paige 5D Show, New Music City, etc. Finally, it needs to improve the quality of cultural activities and enhance the creative level of entertainment and the quality of humanistic travel service to highlight Tongzhou’s cultural charm.

4 Conclusion

This paper applies Porter’s Diamond Model creatively. It adds “innovation and brand building” to Porter’s Diamond Model as the core factor and analyzes the impact factors on the development of Tongzhou’s cultural and creative industries based on it. It can be seen that Tongzhou has rich talents and strong market demand. In addition, Tongzhou’s cultural and creative industries are facing an unprecedented major opportunity. The advantages of cultural and creative industries are obvious. However, Tongzhou’s cultural and creative industries are lack of brand influence and leading enterprises. And the convergence of industrial chains is not perfect. The cultural and creative industries in Tongzhou are also facing big challenges. To promote the development of Tongzhou’s cultural and creative industries, the government needs to do a lot. Firstly, the enterprises should endeavor in brand building to enhance their own value. Secondly, the government needs to promote the cultivation of major projects and major enterprises to attract strategic resources. Thirdly, the government needs to expand the chains of the cultural and creative industries to enhance industrial synergistic effect.
References


