

A report on Beijing's cultural and creative industries media clusters

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Abstract

China's rapidly developing cultural and creative industries have generated a boom in clusters; that is, companies with similar or complementary interests congregating around one another. Driven by government policy and market opportunities, investors and entrepreneurs have flocked to form and build clusters in order to accelerate economic growth. This "In Focus" report defines and categorizes Beijing's cultural and creative industries media clusters, references government policies to accelerate their economic growth, and describes their current state of development. In addition, we highlight the benefits that Beijing's economy has received from cultural and creative industries media clusters and comment on the challenges Beijing's cultural and creative industries media clusters face moving forward.

Keywords

Cultural and creative industries, culture industry cluster, culture policy, media cluster

In the nearly 40 years since China's "Reform and Opening-Up" Policy (*gaige kaifang*, 改革开放) in December 1978, China's economic transformation has revolutionized the fundamental structure of its society and cultural integrity. China's "Socialism with Chinese characteristics" has affected all aspects of society. As Beijing is the bellwether for all of China, changes that occur in the media industry in Beijing drive change for the media industry throughout the mainland.

Cultural and creative industry (CCI) clusters represent a new form of organization and development for China's CCIs and have emerged through well-planned state development and promotion. Such industries include print media, publications, radio, film, television, animation, advertising, new media, centralized national media organizations, publication groups, minor media companies, growth media groups, and colleges and universities with media departments. The Chinese government and industrial institutions have invested heavily in Beijing's CCI media clusters.

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This “In Focus” report defines and categorizes Beijing’s CCI media clusters, outlines government policies to accelerate their economic growth, and describes their current state of development. In addition, we highlight the benefits that Beijing’s economy has received from CCI media clusters, and comment on the challenges Beijing’s CCI media clusters face moving forward.

Definition and categories

In 2006, the Beijing Municipal Bureau of Statistics, and the head office of the National Bureau of Statistics, defined and classified Beijing’s CCI using standard Chinese-language terms, some of which translate poorly into English. “Culture” itself was not defined, but it is worth noting that the Chinese word *wenhua* (文化) represents a broader and vaguer meaning than its English translation of “culture.”

CCI clusters were defined as

An industrial cluster that takes creation, production, and innovation as the foundation; cultural content and creative achievements as the core value; the practice or consumption of intellectual property rights as the transaction feature; and provides cultural experiences for society.

Zhou Hongduo, founder of the Media Economic Research Institute at the Communication University of China, defines CCI *media* as having “emerged from the development of a creative industry, which emphasizes the development and utilization of media resources, and that develops new products, new markets, and new opportunities according to the media awareness of modern people” (Zhou, 2006).

Media industry clusters

Michael Porter presented his theory of industrial clusters as a phenomenon where related companies, or organizations within particular industries, gather in a specific location. Different industrial clusters have different depths and complexity, but each cluster represents a new form of spatial economic organization between marketing and hierarchy (Porter, 1998). Rong Yueming argues that in special organizational circumstances, an industry can consist of smaller companies or microenterprises, even a personal studio. These kinds of companies always cluster and tend to exhibit the basic characteristics of the “clustering effect” (Rong, 2005). Michael Keane defined a CCI cluster as an area of creative companies: a specific area where mainly smaller creative industrial companies or cultural activities gather where participants develop a potential consciousness consisting of common cognitive and interdependent relationships (Keane, 2012). Charlie Karlsson and Robert G. Picard point out that media clusters exist where there is a large enough concentration of media (and related) firms—such as in a city or metropolitan area. Several firms normally gather in a specific, often central location in the city, but the cluster may include other firms in the surrounding area (Karlsson & Picard, 2011, pp. 3, 44–67, 379–391).

Media clusters, therefore, have the following characteristics:

- They gather together and exist in an economically advantageous location, most often a major city or metropolitan area.
- Participant companies can be very small, including individual studios.
- They exhibit a consciousness, not unlike an organism, that is interdependent upon each other part in order to survive.

Table 1. Beijing cultural and creative industry classifications.

Categories	Scope
Culture and arts	<ol style="list-style-type: none"> 1. Literary and artistic creation, performance places 2. Cultural protection and cultural facilities services 3. Public culture services (e.g. art museum) 4. Culture study and cultural community services (e.g. local library) 5. Culture and art agency services
Press and publications	<ol style="list-style-type: none"> 1. Press services 2. Book, newspaper and journal publishing 3. Publishing of audio-video products and electronic publications 4. Rental business of books and audio-visual products
Radio, film and television	<ol style="list-style-type: none"> 1. Radio and television services 2. Radio and television transmissions 3. Film services
Software, Internet and computer services	<ol style="list-style-type: none"> 1. Software services 2. Web services 3. Computer services
Advertising and exhibitions	<ol style="list-style-type: none"> 1. Advertising services 2. Exhibition services
Artwork trade	<ol style="list-style-type: none"> 1. Artwork auction services 2. Artwork marketing
Design services	<ol style="list-style-type: none"> 1. Building design 2. Urban planning 3. Other kinds of design
Tourism and entertainment	<ol style="list-style-type: none"> 1. Tourism services 2. Entertainment services
Other ancillary services	<ol style="list-style-type: none"> 1. Production of cultural supplies, equipment, and related products 2. Marketing of cultural supplies, equipment, and related products 3. Cultural business services

Source: Beijing Municipal Bureau of Culture and Research Materials.

Classifications and categories

The “Beijing Cultural and Creative Industry Classifications” includes nine categories including four media-focused industries: Software, Internet and Computer services; Press and Publication; Radio, Television, and Film; and Design Services. Table 1 outlines the nine categories and their scope.

Government policies

Industrial policy

For almost a decade, China has adopted a global cultural strategy. In October 2007, the 17th National Congress of the Communist Party of China (CPC) proposed to promote the vigorous development and prosperity of Chinese culture around the world, developing its culture industry and encouraging cultural innovation. In November 2012, the 18th National Congress and Third Plenary Session of the CPC Central Committee proposed to deepen the reform of its cultural sector, develop a strong socialist culture in China, and strengthen its cultural *soft power*.

Table 2. 2004–2015 Beijing CCI cluster development status.

	Share of Beijing GDP (%)	Employed persons (1000s)	Total assets (100 million yuan)	Total income (100 million yuan)	Added value (100 million yuan)
2004	10.1	747	4636.7	2468.0	613.6
2005	10.2	839	5140.3	2793.6	700.4
2006	10.3	895	6161.0	3614.8	812.1
2007	10.6	1025	7260.8	4601.6	992.6
2008	12.1	1070	8275.1	5439.6	1346.4
2009	12.6	1149	9535.0	5985.7	1497.7
2010	12.3	1229	11,166.3	7442.3	1697.7
2011	12.2	1409	12,942.6	9012.2	1989.9
2012	12.3	1529	15,575.2	10,313.6	2189.2
2013	12.3	1836	20,594.7	12,377.4	2406.7
2014	13.1	1916	26,441.8	13,982.0	2794.3
2015	12.6	—	—	—	3072.3

Source: Beijing Municipal Bureau of Statistics (2014).

CCI: cultural and creative industry; GDP: gross domestic product.

Tax preference policy

To encourage the development of Beijing's CCI, the Beijing Municipal Committee and government issued tax incentives: 48 incentives for CCI companies related to business tax, stamp tax, educational surcharges, and tax for building and maintaining cities were created. Some 4687 CCI companies in Beijing received a tax deduction or relief worth nearly 400 million yuan in 2006. Some 3585 high-tech companies in Beijing enjoyed tax incentives in 2014, with taxes reduced by more than 10 billion yuan.

Beijing's CCI cluster performance

The National Bureau of Statistics figures show that China's CCI contributed 2723.5 billion yuan in 2015, or 4.6% of the national gross domestic product (GDP). The Beijing Municipal Bureau of Statistics found that Beijing's CCI achieved a total added value of 307.23 billion yuan in 2015, or 12.6% of the municipal GDP: a new record (Table 2). Beijing's CCI contribution to municipal gross national product (GNP) is second only to the finance industry, according to the Beijing State-owned Culture Assets and Supervision and Administration Office. Thus, CCI is the second "pillar industry" of Beijing. By the end of 2015, total revenue of Beijing's CCI companies achieved 674.87 billion yuan, an 8% increase over the previous year. Registered capital (the total amount of capital contributions paid in full by shareholders) was 433.85 billion yuan. Beijing's CCI was developing positively in line with the Chinese economy's "new normal," a phrase used from 2014 by CPC General Secretary Xi Jinping to indicate that China was entering an era where stable to moderate economic growth rates were expected (Wang, 2015).

Beijing's CCI media clusters

As capital city of the country with the world's second-largest economy, Beijing is blessed with unique political, economic, and cultural advantages. Companies come to Beijing not only for its

large and populous area but also because of its relatively developed economy, employment opportunities, talented professionals, and emerging industries. CCI entrepreneurs come looking not only for business opportunities but also for the artistic, cultural, and commercial atmosphere. Beijing's government leaders have focused on the rapid development of CCI; and in order to support this growth, it has upgraded the structure and function of CCI clusters.

Beijing has four *major* CCI media clusters according to Wu Xijun, Deputy Director of Beijing Cultural and Creative Industry Promotion Center: the China New Media Development Zone, China Movie Capital, the Central Business District (CBD)-Beijing International Media Corridor, and Beijing International Book City (Table 3).

Table 4 demonstrates that Beijing's CCI media industry is led by the information technology, press, advertising, broadcasting, television and film industries; all together, CCI media industries account for *more than half* of Beijing's CCI revenue as a whole.

Benefits of Beijing's CCI media clusters

The formation of CCI media cluster districts in Beijing offers great advantages to the regional economy, and enjoys a reinforcing circle of exchange, innovation, and cost savings. Below we highlight nine advantages Beijing has gained from its CCI media clusters:

1. Reduced costs, increased efficiency.

The core logic of establishing a media industry cluster is the centralization of logistics and costs. This not only helps reduce the costs for smaller companies but also increases the working efficiency, economic benefits, and competitiveness of the entire industry. Supply and demand between institutions within media clusters, and between media companies, leads directly to increasing industrial efficiency. Cluster companies focus on their core activities while neighboring companies play an auxiliary role. For the neighboring companies, these supplementary jobs are actually their own core activities. This can be called "specialized division of labor."

2. Concentration of resources.

Media companies typically integrate their resources, if not in a cluster, then within a limited geographical area. Such a concentration provides a sound environment for career training (at the individual level) and corporate growth (at the company level). Companies in these areas can share information, counseling services, law support, government-based tax preference, and a high-tech infrastructure. The formation of the four media clusters in Beijing enables the Chinese government to invest in culture-relevant education, training, tourism, recreation, dining, and infrastructure. These investments also ameliorate the environment and improve services by auxiliary companies in those areas surrounding the core. The advancement of Beijing's media clusters, in turn, serves to propel auxiliary companies within the cluster. This sharing of government largesse and the development of media clusters maximizes the use of resources.

3. Prevention of duplication and destructive competition.

A media industry cluster can break the boundaries that exist between smaller media companies and a single large media institution, promoting the integration of media companies, institutions, government and civic organizations toward cooperation.

Table 3. Beijing's top four CCI media clusters.

Name	Location	Acreage	Founded	Position and field	Companies
China New Media Development Zone	Weishanzhuang town, Daxing district	200 km ²	December 2005	Film and television production, animation production; only industry cluster focused on new media industry	Starlighting, Kaku Media, School of Software and Microelectronics of Peking University and Beijing Institute of Graphic Communication
China Movie Capital	Yangsong town, Huairou district	18 km ²	December 2005	Film and television creation, shooting and production, technology research and development, distribution, film and television education, animation	China Film Group Corporation, Feiteng Production and Baihui Art School
CBD-Beijing International Media Corridor	CBD, Chaoyang district	6.99 km ²	2004	Exclusive international media industry cluster; leading industries include film and television content, news publishing, advertisement and exhibition, distribution and media copyright trade	More than 160 international news agencies including Reuters, Agence France-Presse, Kyodo News and Tass. More than 40 international media companies including CNN, VOA, BBC, Viacom, Time Warner, Wall Street Journal, News Group, Newsweek, European Broadcasting Union; Chinese media companies including People's Daily, China Central Television, Beijing TV and Phoenix Satellite TV.
Beijing Publishing and Distribution Logistics Center	Taihu town, Tongzhou district	31 ha	November 2007	Book publishing, book warehousing and distribution, book trade and automatic and information-based management of book storing, dispatching and returning	Beijing International Book City gathered 560 publishing companies, nearly 100 distributing companies, 48 international publishing groups including Penguin, Harper Collins and Scholastic and another 300 foreign publishing companies

Source: Beijing Municipal Bureau of Culture and research materials.
CCI: cultural and creative industry; CBD: Central Business District.

Table 4. Percentage share of Beijing's CCI by total revenue (2004–2014).

	Culture and arts	Journalism and publications	Radio, television and film	Software, network and computer services	Advertisements and exhibitions	Transaction of artworks	Design services	Tourism and entertainment	Other auxiliary services
2004	2.3	14.5	7.4	26.9	10.8	2.4	7.8	8.3	19.7
2005	2.2	14.3	8.2	28.3	11.2	1.7	7.0	8.6	18.4
2006	1.9	11.8	6.7	32.7	10.8	1.6	9.1	8.3	17.0
2007	1.8	10.3	6.4	35.2	10.7	2.2	9.1	8.1	16.2
2008	2.3	10.0	7.4	37.8	13.5	2.3	4.4	7.6	14.3
2009	2.4	9.4	7.3	38.3	12.9	2.1	4.0	7.3	15.8
2010	1.8	8.3	6.6	37.8	13.0	4.7	4.6	6.1	16.7
2011	2.4	8.4	6.1	37.0	12.8	5.4	4.1	7.8	15.7
2012	2.3	8.5	6.5	37.7	12.1	6.8	4.3	8.2	13.3
2013	2.8	7.8	6.2	37.0	13.3	8.5	4.3	7.9	11.8
2014	2.9	7.4	6.1	38.4	13.1	7.8	4.1	7.5	12.4

Source: Beijing Municipal Bureau of Statistics (2014).

CCI: cultural and creative industry.

4. Stimulated development and marketing and promotion upgrades.
During formation, a media cluster can promote the development of productive elements, demands, relevant industries, and supporting industries. A company's strategic plan, growth, and competitive advantage evolve and upgrade side-by-side with the cluster. Companies influence and stimulate each other. Competition and cooperation within an industrial cluster also deepens the specialized distribution of labor. Companies exchange, share, and develop content, technological development, talent training, information counseling, intellectual property, modern logistics, and digital commerce. These exchanges promote a changing model of economic growth, causing adjustment of the industrial structure, and an upgrading of the entire cluster.
5. Improved international competitiveness, especially for smaller companies.
In recent years, small media industry start-ups and the clustering phenomenon have driven regional economic development; although most of this development is minor and imbalanced, smaller companies benefit enormously from integration and cooperation with clusters. By forging joint efforts within a cluster, small media companies can lower costs, allowing them greater capacity to face domestic and foreign competition.
6. Enhancement of the CBD-Beijing International Media Corridor.¹
This Beijing media cluster integrates more than 200 international news institutes including Reuters, CNN, VOA, and the BBC, all cooperating with CCTV, Beijing broadcasting and TV stations, Phoenix Television, People's Daily, and other mainstream new media. Alibaba and Amazon lead over 1000 Internet companies that have joined this media cluster. Since 2009, given the comprehensive development of the CBD-Beijing cluster, its area has enlarged by 3.97 km² to the East, featuring a cultural industrial cluster, media companies, high colleges, and research laboratory.
7. Fostering of a regional competitive advantage.
During the formation of a media industry cluster, many companies that were previously engaged in intense competition with one another have become the pillars of a regional, urban economy. Beijing's media companies and institutes have developed close cooperative relationships, contributing to the expansion and urbanization of the city, while shaping the character of Beijing's CCI; for example, Beijing's 798 Art Zone is now the heart of fashion design and modern art in city. CCI clusters have dramatically improved the regional competitiveness of Beijing, and have helped shape the features of the city that has led to regional economic development.
8. Creation of employment opportunities.
The growth of companies within Beijing's CCI media clusters has made significant contributions to stimulating urban employment and economic development. Beijing had 1.48 million CCI jobs in 2014, equivalent to 14.1% of the total population (according to the Beijing statistics bureau). The CBD-Beijing International Media Corridor has provided hundreds of thousands of working positions.
9. Establishment of "green" clusters.
Beijing's CCI media clusters raise income and, simultaneously, do not harm the environment—it is a "smokeless industry"; that is, it is environmentally friendly offering high added value and low carbon consumption.

Challenges facing Beijing's CCI media clusters moving forward

As Chinese cultural system reform moves forward and clusters boom, investment and attention from society on cultural companies is skyrocketing. As of 2013, there were 108 cultural industry clusters in Beijing, 107 in Shanghai, 131 in Jiangsu province, and 141 in Shandong province, according to the *World Culture Industry Cluster Distribution Map 2013–2014*.² Globally, there were 312 cultural industry clusters in 2009–2010, 388 in 2010–2011, and 747 in 2011–2012. That number exploded into 2161 in 2012–2013, a 189.3% growth compared with the previous year. China caused that staggering growth. Incentivized by government, culture industry clusters exploded from 365 in 2011 to 2046 in 2015.

The challenge that respondents referenced most often was the lack of human resources. In terms of a complete industrial chain, (1) upstream lacks quality content providers including production companies and creators, especially professionals; (2) midstream lacks operators, including content operators, performance promoters, copyright distributors, and value-added service providers; and (3) downstream lacks platform providers and excellent customer service staff. With respect to derivative industries, a fully functional industry cluster requires adequate facilities and services, and needs high-quality, professional, and versatile human resources.

Only by solving the human resources issues can we resolve the issues related to cluster expansion. Human resources have become the core competence of the clusters. Human resources competition among clusters in the future will escalate to the strategic level. Those clusters with more talent and creativity will have the edge in competition, and in turn will be more sustainable.

As the development of Beijing's CCI media clusters is still at its earliest stages, its four main media clusters (the China New Media Development Zone, China Movie Capital, the CBD-Beijing International Media Corridor, and Beijing International Book City) developed rapidly and uneven. Some clusters need to introduce new ideas and new technologies. Others lack a sustainable infrastructure. Some are homogeneous, while others lack specialization. Some industrial chains are broken, and some lack clear positioning—and almost all are in need of advanced management.

Enthusiasm alone is far from enough to build a stable CCI media industry in Beijing. Positioning, development direction, business models, and an understanding of the industrial chain are crucial for Beijing's clusters to succeed, as are clear policies, guidance, and financial support from the Chinese government. The effective handling of these measures will not only contribute to stable development of Beijing's CCI media clusters but will also offer a model for the development of similar clusters throughout China and the world.

Beijing's CCI media industry clusters represent a new sunrise industry that drives forward the national economy. China is working to improve the legal environment for its media industry, researching and designing policies that further protect intellectual property so as to stimulate financing, human resources, and revenue generation. The development of Beijing's CCI media industry facilitates a macroeconomic shift from labor-intensive and low value-added manufacturing toward a knowledge-intensive and high value-added industry. Media clusters differ from other industrial clusters in that they are more humanistic, intellectual, knowledgeable, and low polluting. Beijing's CCI media clusters stimulate innovative new technologies that affect the whole of Beijing's cultural sector, achieving great return on investment as well as social benefits.

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Notes

1. The Beijing Central Business District, or Beijing CBD (北京商务中心区), is the primary area of finance, media, and business services in Beijing, China. Beijing CBD occupies 4 km² of the Chaoyang District on the east side of the city.
2. Qingdao Imagination Creative Industries Plan Consultant, 2014.

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