

Influence of the Spatial Agglomeration of Cultural and Creative Industries on the Development of Shenzhen's Convention and Exhibition Industry

-- A Case Study of Shenzhen OCT Creative and Cultural Park

Manqi Zhang

Management Department, Guangdong University of Foreign Studies South China Business College, Guangdong, China

Abstract: In the development of the Chinese economy, the change of industrial clusters and the exhibition industry often occur similarly. And Shenzhen has developed into one of the most influential exhibition center cities in China. While many scholars have overlooked this area of research, and practitioners have not realized its importance. To further develop and gain a larger share of the world market, the case of OCT-LOFT would be studied. Analyzing the current market situation and domestic development status, to propose that the spatial aggregation of cultural and creative industries can promote the economic growth of Shenzhen's exhibition and related industries. It will enhance the visibility of Shenzhen's exhibitions on the Internet, and demonstrate the overall strength of leading the domestic exhibition industry. Furthermore, it can increase the government's attention to the exhibition industry, encourage the integration and development of the Exhibition Industry, and bring new opportunities to the exhibition industry. It is essential to seize the global market opportunities, understand consumer demand for cultural and creative products, make full use of modern information technology, strengthen the construction of the Shenzhen Conference and Exhibition Industry Association, and promote the rapid development of the exhibition economy.

Keywords: OCT-LOFT; Cultural and Creative Industries Space Agglomeration; Shenzhen Convention and Exhibition Industry.

1. Introduction

1.1. Cultural and Creative Industries

The Cultural and Creative Industries (CCI) is emerging, an inevitable choice for Chinese social and economic development at one stage. As a new type of carrier for the integrated development of urban economy and industry, CCI are also the most advanced part of China's modern service industry. The agglomeration development of CCI has formed a universal trend. [1]

1.2. The Theory of Industrial Spatial Agglomeration

Modern cultural and creative industries tend to concentrate on international metropolises such as Los Angeles, New York, Milan, Paris, or Tokyo. Most of the world's major cultural and creative industries have grown based on central cities. In China, it presents a trend of CCI agglomeration development mainly based on industry parks.

In 1998, Professor Michael Porter of Harvard University proposed the systematic theory of industrial spatial clusters. Porter [2] showed the perspective of economic links in the spatial layout of industries in "The Competitive Advantage of Nations" (1990) and proposed the concept of industry spatial clusters. Industrial spatial clusters refer to a group of geographically similar companies or affiliated organizations with common connections in a specific industry field, linked together because of their commonalities or complementarities.

1.3. The Current Situation of the Development of the Domestic Cultural and Creative Industry Space Cluster

The distribution of China's CCI cluster is extremely uneven among provincial areas, mainly concentrated in the economically developed eastern and southern coastal regions such as Jiangsu, Guangdong, Shanghai, and Zhejiang. The cluster development of the cultural and creative industry largely depends on the economic development of different regions. In particular, the for-profit CCI are mainly concentrated in the eastern coastal areas. While the non-profit cultural and creative industries in the central and western regions account for a relatively large proportion.

Although China has a long history of civilization and abundant natural and humanistic resources, the Chinese government has not done enough to blend Chinese culture into commercial products. In this regard, Chinese culture undoubtedly needs a long period of adjustment and growth.

2. Current Situation and Trend of Development of the OCT-LOFT

2.1. Current Situation

LOFT originated in the 1940s in the SoHo district of New York, USA. To escape the expensive rent in the city center, the artists in New York City's SoHo district transformed the abandoned industrial factory areas into flexible and diverse art spaces for living, creating, resting, and entertaining. According to Liu Xiaodu, a partner of Urbanus Company and the leading architect who participated in the planning and transformation of the creative park, it is not just a simple workspace, but rather a place where creative people gather

and engage in activities. [3]

Since the second half of 2004, Overseas Chinese Town Holdings Company (OCT) has creatively proposed the operating concept of transforming the old park into a cultural loft to be an industrial park, based on the construction characteristics of the factory buildings and the government's policy orientation towards the development of cultural and design industries. It led to the birth of a more vibrant new industrial economy.

Through several years of operation, the park has attracted more than 300 cultural, innovative, and design-related institutions and companies to settle in. Since December 2020, OCT Design and Cultural Center has been awarded the title of "Shenzhen Special Cultural District." The park is constantly engaged in creation and innovation. If these spaces could be transformed and upgraded continuously, the creative park would become a marvelous public space for creative experiences. [4]

2.2. Trend

Today, OCT-LOFT provides an open and inclusive, continuously innovative, and breakthrough growth environment; it is a rich, diverse, and vibrant platform for cultural exchange, as well as the driving force for urban cultural development and the rise of the exhibition industry. The cultural industry has become a pillar industry in the national economy and has a significant position in the development of Shenzhen.

It has its own brand and cultural influence, which comes from various cultural and artistic activities it hosts. Including creativity, contemporary art, and avant-garde music, the park is gradually creating original cultural brand events such as T-Street Creative Market, OCT-LOFT Creative Festival, OCT-LOFT International Public Art Exhibition, OCT-LOFT International Jazz Music Festival, and Tomorrow Art Festival. This activity has also rapidly prompted major CCI companies to concentrate here, forming an immense spatial agglomeration force. The park has extensive social influence and industry recognition. Therefore, a relatively complete industry agglomeration develops here. The park's activities have also developed well and have particular economic effects.

However, due to the park's extensive social influence and industry recognition, and the consistent implementation of a low rent strategy, maintaining only about 50%-70% of the low rent of surrounding commercial real estate, a large number of cultural institutions seek to settle here, resulting in oversaturation of the related enterprises' area, and a shortage of office space. Also, the profit model is single, the owner should maximize profits.

3. The Impact of Cultural and Creative Space Agglomeration on Shenzhen's Exhibition Industry

3.1. Current Development Status of Shenzhen's Exhibition Industry

After nearly ten years of rapid development, Shenzhen Convention and Exhibition Center has developed into one of the most influential international exhibition center cities in China, relying on Shenzhen's advantages in location, transportation, market, industry, and tourism resources. According to the China Exhibition Economy Development

Report [5], Shenzhen's exhibition industry has achieved significant results in driving industrial development, strengthening business entities, and promoting the construction of new exhibition centers in 2018.

Moreover, in the Shenzhen exhibition area, relevant workers have organized and spontaneously established an industry-specific, non-profit social organization, the Shenzhen Convention and Exhibition Industry Association (SZCEA). It is currently the only comprehensive social service platform for the exhibition industry in Shenzhen, playing the role of a link and bridge between government departments and exhibition companies.[6] The association has always focused on promoting the overall management of industries, enhancing technical communication and research, increasing the transparency of the exhibition market, improving professional training capabilities, and enhancing the management level and service quality of exhibition organizations. It is still far from sufficient to promote Shenzhen's exhibition industry development, as the efforts of various units are still insufficient. There may be also some easily overlooked aspects, such as units are not willing to join the association or are ignored.

In 2018, the number of exhibitions held in Shenzhen reached 146, a 28.07% increase over the previous year, accounting for 3.85% of the national total, increasing by 2.75%. The total exhibition area reached 5.536 million square meters, a decrease of 70.11% compared to 2017, accounting for 4.28% of the total area in the city. The annual exhibition utilization rate (calculated over 365 days) is 65.16%, leading the Guangdong province. Shenzhen has approximately 1,000 participating companies, about 3,000 upstream and downstream related companies, and over 100,000 employees in the exhibition industry. [7] Eleven companies have participated in the China International Exhibition Industry Association, and ten companies have been certified by UFI. The overall level of the exhibition industry remains at the forefront in the country.

3.2. Effects are Brought to the Shenzhen Exhibition Industry by the Agglomeration of Cultural and Creative Spaces

3.2.1. Promoting the Economic Growth of the Shenzhen Exhibition and Related Industries

Succeed of exhibitions often rely on a strong industry foundation. Shenzhen's industrial economy has developed rapidly, whether the traditional industries such as clothing, home appliances, jewelry, textiles, and toys, or emerging industries such as information networks and new energy, Shenzhen has various and numerous industrial economic resources. Undoubtedly, the vigorous development of traditional industries promotes the improvement of the exhibition industry. At the same time, the exhibition industry also promotes its high-quality development, thereby increasing Shenzhen's influence in the global advantage industries and achieving a win-win situation. [8]

The exhibition economy has grown rapidly with the development of the market economy. At the same time, the market economy has also driven the development of the exhibition industry. As shown in Graph 1, the value of CCI in Shenzhen has been continuously rising rapidly from 2014 to 2018. It indicates a significant development trend in CCI, which will promote the development of the exhibition economy and subsequently drive the overall economic development of Shenzhen, further boosting the development

of the exhibition industry in Shenzhen. However, due to the unavailability of relevant data from the Shenzhen Statistics Bureau in recent years, there is no more information to confirm the recent development of the cultural and creative industry economy.

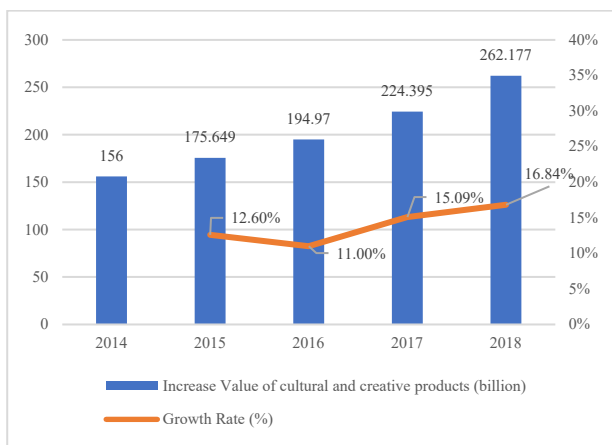


Fig 1. Related data of Shenzhen's cultural and creative industry (2014-2018)

3.2.2. Improving the Popularity of Shenzhen's Exhibitions on the Internet

The technological innovation of "Internet+" not just provides a multi-channel, low-cost market technical platform for the cultural and tourism industries. Besides, it is a vital production and consumption platform for the industry. This way can meet the personalized needs of tourism and satisfy the information dissemination and consumption demands of the Internet era. "Powered by innovation" is not only a slogan, it also a mindset that conforms to the trend of network development, driving the continuous renewal of content and form in the tourism industry, keeping it always dynamic.

For example, in the promotional activities of the 2020 OCT Culture and Tourism Festival held in OCT, continuous publicity through popular media platforms such as WeChat, Weibo, and TikTok ultimately achieved a total marketing exposure of 220 million times. The expanding exposure rate attracts more visitors, enhances the visibility of exhibitions in Shenzhen, and attracts more exhibiting enterprises or those interested in holding exhibitions in Shenzhen, thus creating a virtuous cycle.

3.2.3. Increasing Government Attention to This Field

Scholar Tian Minmin, an expert in regional economy, found through regression analysis that the variable policy factor "Invest" involving fixed asset input in cultural industry, sports, entertainment, and other sectors reflects the positive impact of government influence on the operational performance of China's creative industry. [9] It reflects the dominance of the government in this field. Shenzhen's government has recognized the need to guide and drive the development of CCI, hence explicitly proposing the development strategy of "cultivating the city with culture."

4. Strategies to Deal with the Agglomeration Effect of Cultural and Creative Spaces

4.1. Effectively Promote Economic Development

4.1.1. Using Online Stream Channels to Advertise

Even with the agglomeration of cultural and creative spaces leading to insufficient space in related venues in Shenzhen, there are still many excellent companies in the industry that could thrive. [10] Wang Gang is the Executive Dean of the China Tourism Strategy Research Institute. In his speeches -- "China Cultural Tourism Integration and Marketing Summit" and "2016 Chinese New Year Cultural Forum," stated that during the COVID-19 period, there have been many successful cases in domestic Spring Festival tourism, such as the 2022 Wuzhen Theatre Festival or Harbin Ice Lantern Festival, which have also spurred the rise of online platforms, including online concerts, online flower appreciation, and various video broadcasts, becoming new hotspots for tourism. [11]

4.1.2. Seizing the Development Opportunities in the Global Market

Due to the rapid rise of China's economy and the shift of the global economic center to China, the development center of the exhibition industry is also accelerating its shift to China. Globally, the exhibition industry has gradually established a development pattern with Germany in Europe, the United States in Europe, and China in Asia, forming a "tripartite" development pattern. As one of the core cities of China's economy and a frontier metropolis, Shenzhen's exhibition industry faces unprecedented development opportunities. Therefore, China must seize this opportunity and actively introduce well-known companies to hold large international exhibitions in Shenzhen.

Therefore, the degree of urbanization and the social environment reflected by the total output value of the tertiary industry have a significant promoting effect on the development of CCI. Seize the favorable conditions for the advanced development of Shenzhen and accelerate the improvement of large-scale creative industry clusters. [12]

4.1.3. Figure out the Demands of Consumers for Cultural and Creative Products

With the development of the economy, the importance of CCI is continuously increasing. In the new industry environment, it is vital to provide diverse choices to customers, let all aspects of festival activities have more personalized demands, and pursue a more perfect consumer experience. Shenzhen Convention and Exhibition Industry formulates marketing communication strategies according to customer needs and market changes. To maximize benefits, it is necessary to "start with the customer" and adjust activities and market plans flexibly to the changes in the industry environment.

4.1.4. Fully Utilize Modern Information Technology

The use of information technology is one of the most influential inventions of the 20th century and is becoming increasingly active in today's tourism market. [13] It has become more popular in the travelling market, especially information platforms effectively influence people's activities. Only fully mobilizing consumers' active participation can demonstrate the communication effects of marketing.

Therefore, to achieve the sustained and healthy development of cultural and creative activities, it is necessary to fully utilize various network information platforms such as government websites, communities, Weibo, WeChat, and short videos.

4.2. Improve the Hardware Upgrade of the Shenzhen Convention and Exhibition Industry

The problem of insufficient hardware has also become a possible constraint on the development of the entire industry. [14] The gathering of cultural and creative spaces has led to a sharp increase in venue space demand, requiring an increase in the area of Shenzhen activity venues and a reduction in the scheduling pressure of venue activities. For example, it is necessary to rebuild the old Shenzhen Convention and Exhibition Center in Futian and configure a conference system conducive to promoting the development of the central area's industries. Establish a complementary system with the Shenzhen International Convention and Exhibition Center and accelerate the construction of the Shenzhen High-tech Expo Center to fill the gap in international conference and exhibition venues in the eastern region of Shenzhen.

4.3. Improve the Hardware Upgrade of the Shenzhen Convention and Exhibition Industry

The Shenzhen Convention and Exhibition Industry Association needs to strengthen its organizational structure. [15] Currently, most exhibitions are still government-led, so this phenomenon limits the marketing and specialization of the exhibition industry. Industry associations are responsible for implementing qualification reviews, collecting market information, coordinating operational entities, and professional training for exhibition companies. Government departments should shift their functions, clarify the responsibilities of government departments, industry associations, and enterprises, and transition from business management to market regulation and provide support.

5. Conclusion

The spatial agglomeration of the cultural and creative industries becomes a universal trend. The emergence of large-scale cultural and creative spatial agglomeration areas will have a vital impact to Shenzhen city and its exhibition industry. Besides, it increases the international visibility and overseas attractiveness of this city. To sum up, achieving the agglomeration of cultural and creative spaces can promote the development of the exhibition industry in Shenzhen. Besides, promoting spatial agglomeration can drive economic, cultural, and other development aspects. Related companies should seize the opportunity, upgrade relevant facilities, and open live stream channels to meet contemporary demands in various online platforms to ensure sustainable and healthy development. This article puts forward some suggestions for the future development of the exhibition industry in Shenzhen, hoping to contribute to it.

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