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Cultural and Creative Industries in China

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Abstract: Cultural and creative industries are today recognised as an important area in the promotion of economic growth and innovation. In Western countries of them appreciation emerged two decades ago. In China, the development has been slower, but recently these industries are included in policy programmes of the central government. The change is interlinked with the transition from manufacturing to services and also reflects the development of knowledge economy in China. Our study aims to deepen the understanding of the ways in which cultural and creative industries are understood in China and how their development is reconciled with the country-specific challenges: piracy, centralised power and the creativity-hampering features of Confucianism. Our empirical study is based on the experience of a Western 3D contents production company which is actively looking for business opportunities in the cultural and creative industries in China. This experience has been illustrated through interviews in the company and among its partners and potential clients.

Keywords: cultural industries, creative industries, transformation of the Chinese economy.

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Introduction

Cultural and creative industries have increasingly attracted the attention of both researchers and practitioners since the 1990s. Among researchers, they have been analysed as part of innovation economics, in particular (Müller, et al, 2009). This relationship is natural as creativity is commonly accepted as an essential ingredient in innovation (Amabile, 1988). Cultural and creative industries have also been linked to the topical phenomena of knowledge society. Here, a critique against the dominant techno-scientific paradigm has characterised the discussion. Focusing on industries such as design, publishing, software and the arts has been considered important to seize neglected growth opportunities. This perspective has also aroused interest among practitioners and led to policy-oriented analyses about the contribution of cultural and creative industries to employment, regional development and urban dynamics (Andari et al., 2007; Cooke and De Propris, 2011).

The visibility of cultural and creative activities as a separate industry emerged first in Western countries. In China, the respective development started about ten years later in the 2000s (Banks and O'Connor, 2009; Keane, 2009). Nowadays the Chinese government has included cultural and creative industries as part of its long-term economic vision (O'Connor and Gu, 2006). In the 12th Five-Year (2011-2015) Plan, the average annual GDP growth in these industries is anticipated to be around 20%, which is a much higher rate than generally in the Chinese economy (NDRC, 2011). The achieved growth gives grounds for this prospect: during the last ten years, the production in cultural and creative industries has multiplied itself 60 times and accounts now about 4% of GDP in China (NBS, 2013).

Corresponding to the situation in Western countries, the advancement of cultural and creative industries in China is linked to the development of knowledge society. Especially modern cities in the Eastern part of China – such as Beijing, Shanghai and Guangzhou – are interested in knowledge-based activities (O'Connor and Gu, 2006). Also the development towards the service economy ("tertiarisation"), whose biggest steps in the West preceded the emphases on knowledge and creativity, takes place hand in hand with these emphases in China. The country is currently experiencing a rapid transition from an investment-led economy to a service-driven economy. Cultural and creative industries are anticipated to provide new growth opportunities for the huge domestic consumer markets to meet the demand of the 1.3 billion populations, especially that of younger generations (Li and Yu, 2007).

In addition to the late development of the service economy, the Chinese context includes other peculiar characteristics. In the international trade, China has often been "stigmatized" inveoted commus not needed as a country of piracy (Schwabach, 2008; Yang, 2008). Detachment from the international system of intellectual property rights (IPR) and the underdevelopment of these rights domestically have a strong impact on cultural and creative industries. Another challenging condition is the centralised political system that does not favour individual creativity in the manner which is familiar in Western open economies. Also the old tradition of Confucianism, as a philosophy which seeks "collective good", is seemingly opposite to individual initiatives and striving for radically novel solutions. On the other hand, rapid changes in China are a reality and this requires us to go deeper in understanding *how this country reconciles the apparently contradictory elements in order to foster cultural contents and creativity as an industry* This is the research gap that we aim to tackle in the present article.

The structure of this article is as follows. In the second section after this introduction, we open up the basic concepts of cultural and creative industries and analyse their relationship to a neighbouring concept: the concept of knowledge-intensive business services (KIBS). In the third section, we examine the interpretation of the concepts of cultural and creative industries in the Chinese context and provide some examples of their practical applications. In the fourth section, we discuss the central challenges facing these industries in China: piracy, centralised power (with censorship) and creativity-hampering features of the Confucian culture. All these sections are based on the analysis of literature and policy reports, literature sources being both Western and Chinese and policy reports being Chinese. In the fifth and sixth section, we supplement our analysis with a practitioner's view: interviews derived from a small-scale case study which we carried out among different stakeholders in the 3D contents production. The fifth section describes briefly the methodology and the sixth section includes our findings. We found off end up our article with a concluding discussion.

Cultural and creative industries as part of the innovation economy

The emergence of the concept

Originally, the concepts of cultural industries and creative industries developed separately, and the former is much older than the latter. "Cultural industries" is a concept that has been used in policy discussions for several decades. The concept was first introduced by Adorno and Horkheimer in 1947 in their essay "The Cultural Industry: Enlightenment as Mass Deception". They used the term to refer to *industrially produced commercial entertainment*, including broadcasting, film, publishing, recorded music, visual and performing arts, museums and galleries, etc. (Adorno and Horkheimer, 1979; Horkheimer and Adorno, 2002). This definition of cultural industries became common when UNESCO (the Educational, Scientific, and Cultural Organisation of United Nations) adopted it into its policy initiatives (Galloway and Dunlop, 2007).

The concept of creative industries emerged about 50 years later. Also this concept has been tightly linked to policy discourse (Flew and Cunningham, 2010). One of the first definitions of the concept was given by the Creative Industries Mapping Document in the UK: "*activities which have their origin in individual creativity, skills and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property*" (CIMD, 1998). Creative industries not only refer to traditional cultural industries (arts, crafts, antiques, architecture) and established business sectors (TV, radio, film), but the purpose has been to also include *emerging digital sectors* (e.g. interactive leisure software). In other words, a new element in the concept is capturing the dynamics of the so-called "new economy" (Cunningham, 2002).

Today the concept of creative industries has become popular (Hesmondhalgh, 2008). Cultural industries have usually been seen as its core, and it is sometimes used interchangeably with this concept (Galloway and Dunlop, 2007). However, as the UK definition indicates, the concept also has linkages to the issue of *intellectual property*. Commercial utilisation of immaterial resources in the form of patents, copyrights and trademarks has been regarded as a characteristic of creative industries. As representatives of the "new economy", creative industries also refer to *digital contents production* and have arelationship to the concept of *experience economy* (Sundbo and Darmer, 2008). Due to the rapid advancement of digital technology, new activities are continuously emerging and it is not easy to decide which of them should be included in creative industries. Especially in early stages of development, the nature of a new activity and its relationships to the existing activities are still taking shape, which implies that the borders of creative industries cannot be drawn accurately.

Consequently, the definitions of cultural industries and creative industries vary by country, and variations also concern the way in which these concepts are combined. For instance in Germany, the Netherlands and Korea, the concept of cultural industries is in general use, whereas in the UK the dominant concept is creative industries (Zhang, 2011b). Some countries emphasise a subsector within the main sectors. For instance in Spain, a common concept in this context is culture and leisure industries (ibid.). Intellectual property issues are highlighted in the US, where cultural and creative industries are referred to as copyright industries. In other words, the primary purpose of these industries is defined in terms of creating, producing, distributing or exhibiting copyright materials, including videogames, books, newspapers, periodicals and journals, motion pictures, recorded music, radio and television broadcasting, and even computer software (Siwek, 2013). The "new economy" emphasis is visible in Japan, where the concept of content industries is dominant and describes the production and distribution of video games, animation, cinema, music, broadcasting, books and newspapers (Xu, et al., 2011).

Recently, the concept of *creative economy* has gained ground as a broader perspective which highlights that creativity can be found – not only in cultural and creative industries – but in all kinds of organisations (Higgs et al., 2008; UNESCO, 2013). However, cultural and creative industries play a specific role in the creative economy: the other sectors utilise products and services created within these industries and may learn creative skills based on practices of these industries. An example is the application of experience-based service practices and various technologies supporting them. Creative skills can also be interpreted in a much broader way: as the transfer of focus from individual goods and services towards value-based business models. Here, creativity has been linked to the ability to form networks across sectors and professional borders and co-create value with different stakeholders.

Relationship to the concept of knowledge-intensive business services (KIBS)

The relationship of cultural and creative industries to knowledge-intensive business services (KIBS) is important from the viewpoint of innovation economy. Actually, the role of cultural and creative industries in innovation has been considered similar to the role of KIBS (Müller, et al, 2009): they have been suggested to facilitate innovation in other sectors and to be active innovators themselves (cf. Miles, 1999; Gallouj, 2002). The facilitating function has been argued to take place through creative inputs, such as ideas for new products and services, or marketing support for novelties. Personal innovative activities provide the basis for the facilitating function, and empirical studies have confirmed that creative industries are among the most innovative sectors in the economy. An active use of new information and communication technologies has been found to characterise creative industries and has been suggested to drive their innovativeness through advanced demand (Müller, et al, 2009).

In the terms of sub-sectors, too, there is overlapping between KIBS and cultural and creative industries. However, there is also a remarkable difference: whereas KIBS are business services – having firms and organisations as their clients – creative industries include many kinds of consumer services: the arts and entertainment, other experience services like tourism, and mass communication services. Design and architecture as well as marketing and advertising are included in both KIBS and creative industries. In software services, overlapping is partial: all these services belong to KIBS, but only activities linked to the digital contents production are usually regarded as creative industries. (Toivonen, 2012)

Also the nature of provider organisations is different: according to the generally used definition of KIBS, they are private companies (Miles, 1999), whereas cultural and creative organisations are in most countries at least partially public or publicly supported. Further, the engagement of individual citizens is an important aspect in cultural and creative activities. Especially the concept of cultural industries refers to activities that originally have been outside the market economy, and only later linked to this economy – copyrights are an example of mechanisms through which this linkage has been implemented. Simplifying a little, we can say that currently products of cultural and creative industries are increasingly market-based, but the production and consumption are characterised by complex networks in which public organisations, private companies and individual citizens collaborate. This situation influences, among others, the way in which products and services of cultural and creative industries gain success in the markets: unofficial communication, group identification, and various status factors palay a much bigger role than in other sectors. (Potts et al., 2008)

In addition to differences regarding the providers and users, cultural and creative industries differ from KIBS in some other respects. KIBS are a purely service sector and also cultural and creative industries provide mainly services. In some creative sub-sectors, manufacturing activities and material elements in the products are, however, essential. An example is film production. Further, discipline-based professional expertise, which is crucial in all KIBS and a necessary prerequisite for recruitment in some KIBS sub-sectors, is not equally characteristic of creative industries. Creative occupations do not necessarily require high academic education. The final difference is the way in which KIBS and creative industries are linked to innovation. In creative industries, novelty as such is highly appreciated. A unique experience is often based on "incomplete" practises: users themselves define the rules for consumer behaviour. In this sense, KIBS are more rationally oriented and usually put more effort in to the preplanning of offerings before the actual customer interaction.

The development of cultural and creative industries in China

From cultural institutions to the industrialisation of culture

As mentioned above, the recognition of cultural and creative activities as industries initiated later in China than in the Western countries. During the period of "socialist orthodoxy" from 1949 to 1979, the topic was discussed in terms of *culture institutions*. These institutions played quite a significant role, but culture was anyhow interpreted according to the Marxist view as the superstructure of society, reflecting the base of the economic reality (Keane, 2004). The *industrialisation of culture* initiated gradually after the launch of Deng Xiaoping's "open door" policy at the end of 1970s. About ten years later, along with the deepening reform towards a market economy, the concept of *culture markets* was adopted in the policy discourse. An actual turn towards the recognition of *culture industries* took place in the late 1990s (ibid.). In the 2000s, the booming economy and large consumer markets generated a huge demand for cultural services, especially in the areas of new media and high value added offerings.

The concept of creative industries appeared in the Chinese vocabulary in the mid of the last decade simultaneously with the general economic transition from manufacturing to services. In the industrial upgrading, a goal was to change the mind-set crystallised in the slogan "made in China" to the mind-set "created/designed in China". The concept of creativity matched well with the newly introduced policy concept of "innovative nation". The policy efforts received support from Chinese scholars who highlighted the significance of creative industries (Keane, 2009). Like in Western countries, societal and economic goals are clearly visible in the definitions of creative industries in China. For example, Li (2008) defines creative industries in his book "Creative Industries are Changing China" as "*those industries that rely upon creative ideas, skills and advanced technology as core elements, increase value in production and consumption and create wealth and provide extensive jobs for the society through a series of activities"* (Li, 2008, 3).

It is important to note that advanced technology was mentioned as one of the core elements of creative industries – a point that clearly deviates from the earlier understanding of the nature of cultural industries in China. This core element was also included in the new combinatory concept – *cultural creative industries* – that was adopted soon after the recognition of creative activities as an industry. Cultural creative industries were defined as a combination of culture, creativity, and information technology, with the characteristics of high added value, high intelligence, and strong convergence (Xu and Yao, 2012). The combinatory form is not a mere conceptual issue. Many researchers consider that *the concept emphasises both the heritage of traditional Chinese culture and the utilisation of advanced technology* (Li, 2008; Xu and Yao 2012). Although there are still differences in detailed views on the concept, it is generally believed that cultural and creative industries are important drivers for the growth based on modern science and technology and cultural resources (Deng, 2006).

Because China also wants to become known in foreign markets based on its cultural and creative products, the expression has been modified into a Western form "c*ultural and creative industries"* in the international contexts (Zhang, 2011b). In the combinatory form, the industries were first time included in the 11th Five-Year (2006-2010) Plan (NDRC, 2006). (As a curiosity, it can be mentioned that Taiwan adopted the corresponding concept in its policy programmes in 2002 and defined it as "the industry to enhance the overall quality of life, with the potential to create wealth and employment opportunities from the creative or cultural accumulation and use of different forms of intellectual property" – CCA, 2004.)

The above-described development stages in China show that the economic growth of a country will increasingly rely on cultural and creative industries when the country reaches a certain level in the international comparison (CPMJ, 2014). As mentioned earlier, the current advancement of cultural and creative industries mainly concentrates on the Eastern part of China which is the wealthiest part of the country. However, there is a huge potential also in the Western part, and this potential is planned to be realised by balancing regional differences. In the country-wide scale, the average consumption of cultural products and services, including also imported products, comprises only 7% of the family expenditure of Chinese citizens. This is much less than in the US and Western European countries where the share is about 30% (CPMJ, 2014).

Practical applications and future prospects

Even though cultural and creative industries have recently become a “hot topic” in China, these industries are still at an exploratory stage. Among others, there is not yet a visible industrial value chain in this area (Xu and Yao, 2012). So far, China has three cultural and creative industry clusters in developed regions of the Eastern part: in the areas of Beijing, Shanghai and Guangzhou (Zhang, 2011a). In these regions, the development of cultural and creative industries reflects a genuine economic transition. Also more generally, China has abundant cultural resources, but it is still a relatively small provider of cultural and creative products in both domestic and international markets. This is understandable when we take into account the short period, during which the development of cultural and creative industries has been actively promoted. The governmental goal-setting took place just in the mid of the last decade. A positive manifestation of the effectiveness of the political decision making is that more than half of the Chinese provinces have now included cultural and creative industries in their local development plans (Xu and Yao, 2012; Zhang, 2010).

However, there are challenges in regional applications. A popular way to implement the development plans has been to establish industrial parks focusing on cultural and creative activities; these parks have been built in several regions in China (Zhang, 2011a). A problem is that many parks, especially in less developed areas, are actually physical facilities without entrepreneurs or experts. Local governments in these regions have focused on following the trend of infrastructure building, but neglected operational plans. In the worst case, this kind of a park is not used at all.

There are also nation-wide challenges. One of them is the distortion of competition and inefficient use of public financing. Many enterprises are dependent on the governmental support, and instead of focusing on innovativeness, concentrate on attracting the government to be their client (Zhang, 2011b). The cartoons business is an example. Developers of cultural and creative industries in China have been interested in learning about the successful experience of Japan in contents industries. Here, animation is a key element (Zhang 2011b). For example in 2009, China produced about 400,000 minutes of domestic cartoons on TV – more than Japan – but the quality has not corresponded to the quantity: the excessive protection and support policy has led to a large amount of unqualified and repetitive productions. The problem is illustrated by the fact that the budget of the government’s financial support in this field is more than the total production costs of all domestic cartoons (SARFT, 2010).

Another challenge with similar quality impacts is the shortage of domestic professionals. This shortage is leading to less creative, homogenous cultural products that do not answer the needs of consumers. Currently, there are less than one million professionals working in cultural and creative industries in China. The need for new workforce in these industries during the 12th Five Year (2011-2015) Plan has been evaluated to be more than 10 million, based on the industry growth and consumer demands (Su, 2011). The Chinese government has realised the problems and utilises strong financial support to encourage young professionals to look for careers in cultural and creative tasks. One opportunity is imports: Western providers who sell their products and services, supplemented with elements of the Chinese culture. In the best case, development in the other direction would balance this trend. The “going out” of export Chinese culture has become part of the reform and opening policy in the country, with the hope to improve China’s international impact (CPMJ, 2014).

Cultural and creative industries can be interpreted as a transition project in the broader context in which China looks for new success areas to replace its earlier role as the "world factory" (Cai and Cai, 2011). Both the grassroots actors and elites have realised that the traditional industrialisation with high consumption and high pollution cannot continue for long, but a low-carbon and green economy is the direction of the future development (Zhao and Huang, 2011). Cultural and creative industries are important for boosting the domestic demand in this transition process. Chinese consumers' non-material needs have grown along with the economic boom during the past three decades and there is a huge demand for constant renewal of knowledge and ideas. Moreover, economic globalisation increases international competition and drives China to enhance its competitiveness with value added products and services (Hu, 2007). Cultural and creative industries may help China to demonstrate its soft power in global markets.

Peculiarities of cultural and creative industries in China

The challenge of the "piracy economy"

In addition to the implementation challenges of the policy plans in cultural and creative industries, there are some features in the Chinese economy that make the development contradictory. The prevalence of piracy has attracted much attention in the international context. Piracy refers to the unauthorised imitation or use of products or services that are legally protected under intellectual property rights (IPR) (Yang et al., 2008).

The piracy phenomenon is very general in China. The illegal distribution channels are well established, offering a full range of products and services (Montgomery and Fitzgerald, 2006). It has been estimated that 15%-20% of the products sold in China are counterfeit, which means that piracy forms about 8% of China's GDP (Swike et al., 2008). In the global comparison, China accounts for 20% of all financial losses caused by piracy (Wang and Zhu, 2003). The piracy phenomenon is worst in the film and music industry where it some years ago accounted for more than 80% of the industry's turnover in China (Montgomery and Fitzgerald, 2006). There are several reasons – geographical, technological, economic and political factors – behind the phenomenon. China is both a favourable market for pirated goods and an appealing production and export base for the makers, distributors and exporters of such goods (Wang and Zhu, 2003). In many cases, the production of different piracy products is interlinked. For instance, pirated DVDs increase the production of players and vice versa as the player manufacturers are also involved: they use pirated DVDs as a bonus when selling the hardware. "Bundled deals" is a typical promotional activity in China (ibid.).

China enacted its first copyright law in the early 1990s, but the implementation of this law has been very poor so far (Montgomery and Fitzgerald, 2006). Although the piracy challenges the state power in the enforcement of law, it helps the government to solve other issues, such as the employment in retail, manufacturing and transportation sectors. It also contributes to tax revenues from various sources, and provides affordable forms of entertainment for the public (Wang and Zhu, 2003).

Even though it is not easy to change Chinese consumers' habits concerning free access to cultural and creative products and services, critical voices are emerging. Piracy hampers the healthy development of China's domestic markets, and is not in line with the policy that aims to develop open economy and appreciated service sectors. All the more important is the fact that piracy creates ambivalence among international investors (Keane, 2004). It has become a major concern for many foreign companies that do business in China. They are reluctant to invest in local research and development due to the fear that products or services will be quickly duplicated and available for sale on the streets at a considerable heavy discount. Foreign governments have also put pressure on the Chinese government to implement IPR laws more effectively and strictly (Swike et al., 2008). As a result, the pirate sales have been falling and licensed sales increasing step by step during the recent years (Schwabach, 2008). The rise of incomes and living standards also correct the situation as people demand higher quality products and services. This development favours practices, in which basic contents, in the internet for instance, is provided for free but fresh and high quality contents require a fee.

The challenge of centralized power and Confucian principles

Despite the "open-door" policy and increasing market orientation, the governance structure in China is centralised. Although the economic reform has been carried out for more than three decades, the political reform is lagging behind. Some phenomena deriving from the political centralisation are problematic in cultural and creative industries in particular. Strict censorship originating from the ideological control of previous cultural institutions is such a phenomenon (Montgomery, 2010). An example of these institutions is the Chinese Film Bureau. This bureau set up a censorship committee to decide whether a film, animation or a documentary script was suitable for production to the public (Zhang, 2004). The censorship on cultural and creative industries has continued in the State Administration of Press, Publication, Radio, Film and Television of the People's Republic of China (SAPPRFT). As a contrast to the control concerning the official distribution channels of cultural and creative contents, the censorship does not concern pirated products (Montgomery and Fitzgerald, 2006).

Censorship is a significant obstacle in the development of cultural and creative industries because it restricts the creativity and enthusiasm of individuals. Even though this phenomenon is still prevailing in China, it has diminished during the past two decades (Keane, 2006). The Chinese government seems to have realised that political control of creative contents is an impediment to China's export capacity in the long term. On the other hand, the central government does not want to lose their censorship power in order to ban the contents that may challenge their political legitimacy. Consequently, there is actually quite a lot of flexibility in dealing with the SAPPRFT censorship if the political correctness is just taken into account. Without questioning the legacies of censorship and control, many actors in cultural and creative industries in China have successfully built markets for local contents (Montgomery and Potts, 2009). Commercialisation of the cultural sector, rapid adoption of new technologies and low levels of copyright enforcement are resulting in novel approaches to creative contents. Foreign companies should, however, keep in mind that businesses in China are developing strategies to survive in an environment in which copyright violation is still typical (ibid.).

The traditional Confucian culture also impacts on the development of creative industries in China. Confucianism is a fundamental philosophical thought of moral ethics and human relationships. It has dominated the official state ideology and shaped the Chinese culture for more than two thousand years (Tu, 1984). The basic values included in Confucianism as a philosophy are moral cultivation, family orientation, respecting the hierarchy, harmony, and interpersonal relationships ("guanxi"). There are also some more implicit views that do not favour innovations – at least in the form of radical novelties. These views avoid breaking "the patterns of the past" (Keane, 2009) and highlight the importance of transmitting instead of creating (Makeham, 2003).

Confucianism met serious criticism during the Culture Revolution in the 1960s and 1970s, but later it has won back its position in the Chinese society. This change has taken place especially after the Chinese government started to put forth the policy "Constructing Harmonious Society of Socialism" (Liu, 2009). In this government-driven process of spiritual civilisation, SAPPRFT uses its censorship power to favour less critical actors in cultural and creative industries, as part of a ideological striving for a harmonious society. Hence, there are a large number of projects in these industries that are purchased by the government and acted as official mouthpiece. Most of these projects are assigned to stakeholders who have good "guanxi" with governmental officials. Both domestic and foreign companies can hire people as negotiators to deal with the censorship issues with SAPPRFT, based on the political line. As the copyright cannot be protected and passing the strict censorship is risky, many local producers of cultural and creative contents do not put much effort to innovation, but copy or parody – developing a practice that gains general acceptance (Hennessey, 2012).

Context and methods of the empirical study

In order to obtain in-depth knowledge in the new area explored in this study, a qualitative research method has been applied. We conducted a small-scale case study to illustrate the experience of practitioners involved in cultural and creative industries in China. The case is a Finnish 3D company which is actively looking for collaboration and opportunities to carry out 3D content and display business in China. The company was founded in 2007. It offers native 3D production, 2D-to-3D conversions, and 3D display solutions, including 3D holographic projection and glass-free 3D. It is a genuine born-global company operating in a niche area. It is compelled to extend its business beyond the home country due to the very small domestic 3D market. It is present in several foreign countries (e.g., Sweden, Russia, and the UK). Recently, it has made a preliminary analysis concerning the Chinese 3D market. It has not yet established business in China, but it has sent experts there to seek local partners and to find out the demand for its offerings. In order to reduce investment risks linked to internationalisation, the company prefers to first deliver 3D services that do not require physical transportation of goods (e.g. 2D to 3D conversion services).

The data were mainly collected through nine face-to-face interviews. We interviewed three members from the case company in Finland, two of them representing the top management and one having working experience in China. We also interviewed six representatives from the company's potential partner organisations in China. All these interviews were semi-structured based on the research topics and literature review. The interviewees had wide freedom to answer the open-ended questions. Each interview lasted about one and half hours, and was recorded with interviewees' permission. In addition to this formal data acquisition, we participated in three exhibitions and in two seminars focusing on 3D topics in China. They provided us with opportunities to discuss with different stakeholders in this industry, including potential customers, solution providers, 3D experts, etc.

Results: illustration from a Western practitioners' perspective

The results illustrate and concretise the literature-based view of opportunities and challenges in cultural and creative industries in China. Our results highlight that in a less matured industry, collaboration with partners is particularly important in China. In our sample company, the collaboration included expert work with a potential partner, presenting the company to various stakeholders and aims to establish possible collaborative projects. The sample company prefers to have partners with certain governmental background or contacts due to the nature of the business: as we mentioned earlier, a large part of it is dependent on the government.

Although the tradition of Confucianism does not necessarily favour radical innovation and creativity, the Chinese are keen to learn new technology, and adapt it to local needs incrementally. Thus, an opportunity to our sample company is to introduce 3D technologies to their partners, and work together with them to adapt this technology according to local clients' requirements. This co-creation process with partners not only adds the value of offerings to clients but is also in line with the government's preferences. One of the potential partners emphasised that:

> "The role of technology is crucial in China. We have constantly screened the market for new technological developments, especially when the technology acts as a limiting factor in some platforms in the local business."

China currently has the largest number of 3D cinema screens in the world and the Chinese government has planned to launch at least five 3DTV channels by the end of 2015. However, 3DTV channels have made slow progress in practice so far. The current operation model of CCTV's (China Central TV) 3D channel includes serious problems. The government has requested six local TV channels to provide certain 3D contents for free or with a very low purchasing budget. Thus, there is a problem that reflects the planning economy mind set of the government and results in the lack of high level programmes. Companies are not willing to put advertisements on these niche 3DTV channels when audiences have been driven away. Awareness of the problem came out in the comment of one of 3DTV officials with whom we spoke:

> "The most important thing in 3D is contents. When audiences leave because of poor contents, it is much more difficult to attract them back in the future. We have realised this issue and need to improve our budget to make better contents."

It is not difficult to make 3D contents technically, but it is challenging to produce contents with impressive engaging stories. Current 3D markets in China are a mix which comprises more low quality contents than high quality contents. There is a lack of capable talents and related technologies to meet local consumers' growing demand when many of their attitudes towards 3D have been changed from "fresh and interesting things" to "excellent experience". The experience of our case company shows that the growing quality demands provide opportunities for foreign companies in this niche market. One of the representatives of our sample company summarised this experience as follows:

> "We have a good chance to sell our high-quality and cost-effective services in 2D to 3D conversions to the Chinese market. We are also interested in joint concept development with local partners to make our services match Chinese consumers' preferences."

The development of 3D business in China is to a large extent dependent on the government's activities. When the government has adopted the policy to promote cultural and creative industries as a whole, 3D business is also positively influenced. Based on the policy documentations, the government has the ambition to launch many 3DTV channels in a few years. However, this top-down guidance is sometimes not effective and there is a lack of practical market analysis. Fortunately, the perspective has moved step by step from the quantity focus to quality concerns. A negative side in the development is that Confucianism does not favour creativity or radical innovations, but is more oriented towards learning from others. Due to this, Chinese players are keen to copy new technologies but seldom willing to pay for them. Local providers are experts in adapting these technologies to the domestic market incrementally and at the same time gaining favour from the government. Co-creation with these local stakeholders is an opportunity for Western providers, if the copyright issues are kept in mind.

Concluding discussion

Cultural and creative industries are a recent concept in academic, policy and industry discourses in China. The industrialisation of culture after the emergence of the "open door" policy in 1979 has caused China to experience a transition from culture institutions to culture industries. Culture products no more reflect the national socialist orthodoxy, but have also become commodities in culture markets where citizens can purchase and consume them freely. Creative industries arrived in China in 2000s when China started to put efforts on the industry upgrade. This concept matches with the national policy to create an country of innovation. Nowadays, both terms are combined to form the "cultural creative industries". This form emphasises the creativity and utilisation of technology in traditional cultural industries and integrates culture and creativity firmly together.

Recently, cultural and creative industries have developed impressively in China. They are partially driven by the central government's policy and financial support during the economy transition process. On the other hand the growth is also due to growing demands from the large Chinese consumer market, which the improvement of living standards and changes in the life style has boosted. Numerous cultural and creative parks, especially with the animation theme, have been built in a very short time frame in different regions of China. However, the development has also caused certain problems. For instance, some of the fast-built industrial parks lack enterprises and experts and some enterprises only produce simple and repetitive products by using the financial support of government.

In addition, there are some developmental contradictions that are more deeply rooted in the economic and socio-political situation in China. The piracy phenomenon is still common. In earlier decades, the phenomenon was easier to understand as the legally produced cultural products were very expensive from the perspective of Chinese consumers. Nowadays, the question is more about keeping the previous behaviour in order to enjoy free access to pirated copies from the internet. The copyright consciousness in the Confucian culture might be less visible than in the Western culture, as the Confucian view does not appreciate creativity and radical novelties in the similar way. In addition, the Chinese government's support to cultural and creative industries is debatable. On the one hand, the government does offer financial support; on the other hand, the strict censorship hinders the flourishing of creativity in these industries.

There is still a large potential for the development of cultural and creative industries throughout China. In the Eastern part, three clusters (Shanghai, Beijing and Guangzhou) of cultural and creative industries have attracted many young talents and started to form a certain level of the industry chain, based on the strong consumption power in these regions. Although no such clusters have been formed yet in the Western parts, strength in these regions is not clear: their? The government's on-going policy will benefit the development. Moreover, the demand for talented workforce in cultural and creative industries offers an excellent opportunity for both domestic and foreign providers in this industry.

Our case study illustrates the experience of practitioners and supplements our views on challenges and opportunities in the Chinese market from the perspective of an emerging sub-sector of cultural and creative industries: 3D contents production. It shows that in an immature industry, the connection with a broad network is very important. Especially in China's business context – finding right partners ("guanxi" before business) is vital to penetrate the market. Advanced technology is a significant brand factor, and it can even be used to gain a foothold" when dealing with partners and customers. Along with the booming economy, local consumers' demands on high quality contents are dramatically increasing. The premium market in cultural and creative industries is more prosperous than traditional manufacturing.

This research has approached cultural and creative industries in the Chinese context based on both literature and experience of practitioners. The extensive review of both Western and Chinese literature forms its specific strength, whereas the case study nature leads to some limitations. The empirical study has been restricted to a Finnish 3D company, which can be an "exceptional" case. On the one hand, 3D is only a minor part of cultural and creative industries; on the other hand, Finland is very small in size with its unique cultural background. More companies from different Western countries and from various areas in cultural and creative industries should be investigated in order to generalize the results.

This study has tacken a first look at the influence of Chinese traditional Confucianism on cultural and creative industries. It would be beneficial to carry out further research on this relationship. Our study reveals some implications that should be taken into account in this research. The role of cultural and creative industries with innovative inputs and outputs is similar to the role of KIBS, striving for the inspiration and knowledge economy. However, the country-specific applications in these industries depend on the focus of economic development and policy. This finding also includes a managerial implication: practitioners involved in these industries should be aware of the gap between the policy aim and real practice. More responsibility can be expected from the Chinese policy makers in the fight against piracy, for example, but here and now the most important advice to businessmen is to "keep the eyes open".

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