

# Research on the Basic Characteristics and Development Strategy of Chinese Cultural Industry

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**Keywords:** Cultural Industry; Industrial Structure; Industrial Upgrading.

**Abstract:** With the improvement of people's living standards, China's cultural industry has developed rapidly, and has become one of the pillar industries in China's economy. Nevertheless, compared with other industries in China, the cultural industry is still in its initial stage. The purpose of this paper is to explore the impact of the cultural industry on China's economic development. At the same time, by drawing lessons from the advanced development experience of other countries, some suggestions are put forward to promote the development of China's cultural industry.

## 1. Introduction

With the continuous development of the cultural industry, it has become an important part of the economic industry and one of the indispensable signs to measure the level of regional economic development. Many countries have regarded the cultural industry as one of the most important pillar industries to promote economic development. For example, after decades of development, the cultural industries in Europe, America, Japan, and Korea have developed relatively mature, and have become one of the important driving forces of economic growth. China has a long history. The inheritance of 5000 years is an important cornerstone of the development of the cultural industry. Although the development of the cultural industry in China started late, it has shown a rapid momentum of development in recent years. It has gradually become an important part of China's economic growth. With the support of effective policies, the cultural industry will become one of the pillar industries in China. According to the data released by the National Bureau of Statistics on October 10, 2018, the added value of the national culture and related industries in 2017 is 3472.2 billion yuan, accounting for 4.2% of GDP, which is 0.06% higher than that of the previous year. According to the current price, it is 12.8% higher than that of the previous year and 1.6% higher than the nominal growth rate of GDP in the same period. Thus, the rapid development of China's cultural industry has been impacted by China's economic development, which has gradually increased, and its role in economic status cannot be ignored.

## 2. Basic Economic Characteristics of Chinese Cultural Industry

### 2.1 Relatively Low Marginal Cost

The industrial character of the cultural industry is that at the initial stage of industrial development, a lot of time, money and energy are needed. However, after the completion of cultural works and products, with the continuous expansion of their scale and the increase of their production capacity, the marginal cost of cultural products will continue to decrease. Compared with mechanical engineering, iron and steel metallurgy and other industrial industries, the cultural industry will have a very bright future. Therefore, the cultural industry plays an extremely important role in the economic development of many countries. For example, in the United States, Hollywood, which is famous all over the world, produces all kinds of movies, such as Star Wars, Marvel series or DC series. In the United Kingdom, its famous TV series, such as Sherlock and Merlin. Legend and others can bring great energy to the economic development of Britain. According to this characteristic of the cultural industry, if the government and enterprises can provide some support, it will not only promote the culture of the country, but also the economy of the country.

## **2.2 Relatively High Income Elasticity**

Income elasticity refers to the degree of change in demand caused by changes in consumer income when other external factors are consistent. For example, when per capita income increases, the demand for cultural products increases, and the increase is greater than the increase in income. Unlike material products, the cultural industry is our spiritual food. At the same time, the cultural industry has the characteristics of high-income elasticity, which means that when a person, a family, or a large area, the economic level of a country develops to a certain level, the cultural needs are constantly showing up. This is also the reason for the maturity of the cultural industry in developed countries such as the United States, Britain, Japan, and Korea. With the continuous growth of China's economy and national income, people's family conditions have gradually improved. Per capita income also rose from 24,127 yuan in 2012 to 39,251 yuan in 2018. At the same time, the government also has the ability and demand to build some basic cultural facilities, such as libraries, museums or aquariums, etc., which also leads to the shortage of tickets for some cultural venues in China. The singers' concerts, fans' meetings and memorial ceremonies for the ancients were attended by many audiences, which also promoted the local economic development. The increasing of these cultural activities far exceeded the increase in people's income and expanded income elasticity. That is to say, with the further expansion of the market demand of the cultural industry, these have promoted the rapid development of the Chinese cultural industry.

## **3. The Mechanism of Cultural Industry Promoting China's Economic Development**

### **3.1 Raising China's GDP and Promoting Domestic Demand of Cultural Consumption**

According to the survey of large-scale enterprises in culture and related industries conducted by the National Bureau of Statistics, in 2018, the business income of enterprises reached 8925.7 billion yuan, an increase of 8.2% over the first half-year. It can be seen that the cultural industry plays an important role in China's economy, which means that the development of the cultural industry is one of the important means to improve China's economic level. Although the development time of China's cultural industry is not as long as that of Europe, America, Japan, Korea, and other countries, the potential of China's cultural industry development is enormous. As known, the three conditions for economic growth are investment, consumption, and export. Although China has strong investment and export industries, it is difficult to achieve a higher level of economic growth without paying attention to the effect of consumption in economic development. However, the development of the cultural industry makes it possible for the growth of Chinese residents' consumption. With the continuous development of China's economy and the improvement of its gross national product (GNP), the level of production of the residents has also increased. Residents pay more attention to consumption and expenditure in culture. Therefore, paying attention to the development of the cultural industry is conducive to stimulating consumption demand within China and thus promoting the overall economic development of China.

### **3.2 Promoting Industrial Upgrading to Increase Employment**

Nowadays, many people in China are facing the problem of employment difficulty. The registered unemployment rate in China's cities and towns in 2018 is 3.8%. The cultural industry is an important part of the tertiary industry. There are extremely huge jobs will be brought by the mature cultural industry. For example, American cultural industries account for 25% of GDP, and their cultural industries can provide more than 17 million jobs for the country. In Britain, the cultural industry is even the second largest industry after the financial services industry, but the number of jobs it provides is the first in the country, reaching 4.5% of the total employment in the country. Although China's cultural industry is in its initial stage, if the correct development route has been followed, some social resources to the cultural industry have been transferred, and the sunset industry has been awakened, so the reasonable allocation of social resources will be achieved to promote industrial upgrading. Besides, with the continuous improvement of the cultural industry,

the number of jobs it provides is also increasing. Therefore, effective relief of employment pressure is also one of the benefits of the development of the cultural industry.

### **3.3 Enhancing China's Comprehensive National Strength**

"Cultural prosperity, national prosperity; strong culture, the strong nation". With the continuous improvement of the global economy, the competition in the cultural industry has become more and more intense. Focusing on the development of China's cultural industry not only provides an opportunity for other countries to understand China but also continuously promotes the enhancement of China's comprehensive strength. Hollywood's film industry not only promotes the development of the cultural industry economy but also exports American culture to the whole world. It strengthens the comprehensive strength of the United States. There are many excellent movie productions there: Kung Fu Panda, Spider-Man, Transformers and so on. By contrast, China has a history of more than 5,000 years, but its excellent cultural products are far less acceptable in the international arena than Hollywood, Japan's animation. Therefore, we have a long way to go to develop the cultural industry. Making the cultural industry becomes one of the pillar industries in China can not only enhance China's international competitiveness but also continuously attract foreign-funded enterprises, thus promoting the prosperity and development of China's economy. In recent years, the popular court drama "Yanxi Strategy" has spread to the websites of Britain and Vietnam, attracting a lot of "foreign fans" and making the people of the world have a deeper understanding of China's history. Langyabang has also received a large number of foreign audiences. Many foreigners who have seen the play even call it the Count of Monte Cristo of China. These successful export cases of cultural products prove that the development of the cultural industry is of great importance to China's comprehensive competitiveness and cultural soft power.

## **4. Analysis of Japanese and Korean Cultural Industries**

### **4.1 The Current Situation of Japanese and Korean Cultural Industries**

Japan and South Korea are successful countries in the development of the cultural industry. When it comes to Japanese and Korean culture, people generally think of Japanese animation firstly: pirate king, Naruto Huoyin, detective Conan and so on; Korean stars: Lee Min-ho, Song Zhongji, Lin Yuner and so on. These are the symbols of the relatively mature development of Japanese and Korean culture. At the same time, the cultural industry can bring tremendous effect to the national economy. Taking the animation industry, Japan's most famous cultural industry as an example, the data show that animation is Japan's third-largest industry, with an annual turnover of 230 trillion yen. The total revenue of Japanese animation and related industries sold to the United States is four times that of Japanese steel exports to the United States. The income of its cultural industry even accounts for 20% of GDP. One of the most famous animations, The Pirate King, costs 48 million yen for its contributions, 1.358.28 million yen for its franchise, 16 million yen for its original, 200 million yen for its overseas use, and 1.5 billion yen for its peripheral production. Korea has also achieved great success in the export of cultural products. Taking "Secret Garden" as an example, according to relevant statistics, through advertising revenue plus overseas copyright sales and other ways, it has won tens of billions of Korean won. "The descendants of the sun" is also one of the most popular Korean dramas in previous years. It brings enormous benefits. Its copyright has been sold to 19 countries such as China, and even before the show was broadcast, it has recovered all the production costs of 13 billion won. China should learn from the success of these cultural industries.

### **4.2 Reasons for the Prosperity of Japanese Cultural Industry**

First of all, the benefits brought by the cultural industry are not only through advertising and copyright sales, but also some fashion trends. For example, in Japanese animation, in addition to advertising and broadcasting, there is also revenue such as cosplay, animation exhibition, and toy peripherals. Relevant data show that Japan's animation industry exceeded 200 billion yen in 2018, but the value of derivatives related to animation alone reached 523.3 billion yen. This shows that

the value of derivatives is a very important part of the development of the cultural industry. Secondly, the government's attention and relevant policy guidance are also very necessary. In 2004, Japan promulgated the Content Industry Promotion Act to promote the industrialization of culture. Thirdly, provide free domestic animation products to foreign countries. For example, Japanese officials unconditionally allowed "Little Football Player" to be broadcast to Iraqi TV stations. All these measures can effectively enhance the popularity of the national culture, thus attracting more funds and promoting the economic development of the country. The Chinese version of "Late Night Canteen" adapted from the same name of Japanese drama in 2017 is a very successful case of the Japanese government introducing its own culture. Finally, cultivate talents. In today's world, talent is the most important resource. For example, the National University of Japan enrolls only 16 students every year, but the teachers are the most famous animation producers in the country. They can not only teach basic painting knowledge but also lead students to experience the concept, production, sales of an animation personally. They attach great importance to practice and Japanese enjoyment. Another example, Japan's world-famous Tokyo International Animation Festival allows national masters to exhibit their works in national galleries and major national museums, which can promote the progress and prosperity of the cultural industry.

### **4.3 Reasons for the Prosperity of Korean Cultural Industry**

First of all, Korea attaches great importance to its films and TV plays, pop music, and encourages stars to go to China or other countries to develop. From the popular song Jiangnan Style to the movie and TV drama You from Stars, many films and TV songs can have tremendous influence overseas. Secondly, the government's guidance has also played a very important role. From the strategy of "building a country by culture" put forward by President Kim Dae-tak of Korea in 1998 to the formation of a "national system" in the cultural industry nowadays, the support of the government is an important factor for the prosperity of Korean cultural industry.

## **5. Enlightenment from the Prosperity of Japanese and Korean Cultural Industries to China**

### **5.1 Attaching Importance to Training Talents**

Talents are one of the most important resources in the world today. To develop China's cultural industry, the most important thing is to cultivate talents in the cultural industry. First of all, establish relevant schools or institutions to provide students a platform to learn the traditional culture, let them contact traditional Chinese culture, then learn, publicize, and ultimately achieve the goal of the development and prosperity of China's cultural industry. At the same time, strengthen the search for traditional and old Chinese folk artists. China is an ancient civilized country with a long history and rich cultural heritage. Since ancient times, there have been many folk crafts, such as oral skills, shadow play, nuclear sculpture and so on. They should inherit these traditional crafts and not let them be lost.

### **5.2 Government Support**

China's cultural industry is still in its initial stage. At this stage of development, more support from the government is needed. Firstly, in the field of cultural industry, the laws related to cultural intellectual property rights should be optimized, ensure people's basic rights and interests, and ensure that people's efforts will not be embezzled by others, so that encourage the talents of cultural industry to have greater motivation for development. Secondly, it is necessary to have subsidies or preferential policies from the government. Through the relevant foundations or departments, the government can provide financial support to these cultural industries. The government should correctly guide its own culture to "go out" to attract more foreign investment so that the local cultural industry can get more funds, and then promote economic development.

### 5.3 Developing Rural and Overseas Markets

In cities, it is common to see libraries, museums and large memorials for the ancients. However, in rural areas, or economically backward areas, few of these places can be seen. Relatively backward areas should develop more local cultural industries, attract foreign tourists, promote local consumption, and eventually take a cultural industry-led economic development path. At the same time, the development of overseas markets should be enhanced. When two countries are communicating, cultural exchange is an important factor. Bringing China's 5,000-year-old history to other countries in a reasonable way will help them understand China's long history and enhance their understanding of our national culture. In the process of cultural creation, people with different cultural backgrounds should be able to accept the appropriate integration of overseas cultural backgrounds, which will be conducive to the export of culture.

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