

# Research on Value Appreciation Mechanism of Creative Industry

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**Abstract** – Creative industry bored from cultural industries and developed from content industries with transcending value appreciation mechanism which surpass the traditional industry in aspects of resource endowment and industrial structure. With the help of analyzing value curve of creative industry, this article mines the Value appreciation mechanism of creative industry in four categories by means of using the split - combinations methods, on those basis, the article attempts to explore the developing problems of the creative industry. Creative industry development and its value mechanism supplement each other, inseparably, dialysis of value appreciation mechanism of the creative industry helps to explain and solve the industrial problem of space development.

**Keywords** – Creative industry. Value Appreciation mechanism. Industry development

## 1. Introduction

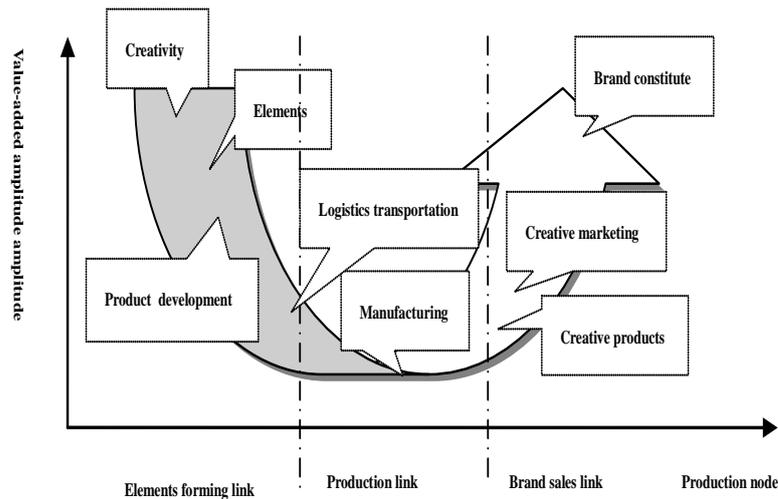
In the prosperity of the post-industrial age, the traditional industrial pattern has been unable to bring high economic growth, what course should to follow after the global economy has experienced High-speed growth bought by service, information industry? In the new historical background, the Creative Industry arises on the stage of history as the new favorite of economy. Florida (2001) divide economic society into four times called: Agricultural Economy, Industrial Economy, Service Economy and the Creative Economy, the core driving force of economic growth in the four times respectively means to be: labor, capital, technology and information creativity. According to Unctadstat estimation, 2002 - 2010 creative products import and export annual rate of growth remain at about 8%, the creative industry brings the economic era of innovation, and show the new value concept.

## 2. Author name(s) and affiliation(s)

## 3. The value creation and appreciation of creative industry

What do creative industries rely on to create value? As the core content of the creative industry, creative has to realize the value with the carrier, and this part of value created by the creative makes the carrier the original value increased, so the idea generation, injection process is also a process of the value added.

At present most of the scholars study the value creation mechanism of the creative industries from the perspective of industry and society. Such as Bin Hu (2007) making research in terms of the generalized innovation factors of creative industry and social charisma, consider the core of industry value is innovation. WuWei Li, etc. (2007) draw that value creation not only needs creativity and values, but also needs the media recommendation from the point of view that consumer, producer and value realization. JieYao Zhang (2012) conduct a study on value creation path, which is based on social network, and deems that the key is the differentiation characteristics brought by the network group of immunohistochemical. This paper uses the method of Split-combination attempted to seek out the industry characteristics which are more subtle, so that we can research process of industry value creation and value-added from a deeper level. To observe the creative industry value curve as follows:



**Figure 1.** Creative industry value curve

Source: finished by combining with the value chain written by Michael potter (1985) and smile curve of ZhengRong Shi(1992)

We found that value increases most obviously in both ends, where elements forming links and brand sales link exist as the main creative value added process. Therefore, we should split the two stage to find out the main element that possibly create value so that value creation mechanism will be easily discussed: Such as production factors, transport and logistics, brand additional, etc., finally integrating value curve and discussing the industrial structure shows that the value added comes from subtle characteristics and industrial characteristics. Discussion boil down to four categories as follows.

### 3.1. Production factors

The primary advantage lying in creative industry is: structure of the production elements had profound changed, the traditional industry depends on the human's low order labor and evolve forward to machine automation, whereas the human's high order labor in the creative industries increases in proportion, as the performance of the materialized capital gradually turned into activation capital. When human's intelligence becomes the major element of production, creativity will be endless released, which develop the new product portfolio and the market demand without having to rely on traditional industries of high energy consumption and high pollution production pattern to be able to bring more economic benefits, at the same time environmental pressure fell sharply, and greatly reduce the cost of environmental management.

Reproducibility of creative resources gives industry ability of reusing resources. Creativity can serve as a kind of independent resources separated from the creative industries and becomes input elements of other industry (Holz, 2005). Resource regeneration reduced the production process and saved the cost of production. For exam-

ples culture and concept are important basic resources of creative industry, along with the social development, culture and concept has become subsidiary attribute of humans, man is culture, no matter language or legendary myth, religion or customs or habits, world values or culture identity, none can't be the fountainhead of creativity. culture and ideas are widespread in social life, rich creative materials make creative production more flexible and creative industries only need to build the bridge connected the economy. Compared with material resources consumption culture and concept differentiate in that the former possesses the accumulation of historical precipitation and substance of spirit, and exists as free form in people's memory, it won't be consumed in the process of production, instead it will be recreated in reuse time and again, and even birth a new culture and ideas.

In addition, the creative arts as final products can still be raw materials of creative production even after them have been sold. Not only reprocessing and further processing of art, but also inheriting and deducting art can create new economic value, such as British Stratford upon Avon which inherited and developed Shakespeare's dramas attract 1.5 million visitors every year, only on these grounds the town created huge economic efficiency at cost of creative class just contribute their necessary labor time.

### 3.2. Transaction cost

Social wealth and the science and technology progress boosting creative economy the high speed in development, Coase theorem (Coase, 1966) gives appropriate interpretation. Traditional industry means large scale and industrialization of solid-state industry, the product must experience process of manufacturing - test -

transport - storage - sales, the manufacturer and middlemen, vendors may sink into happen consultation, rent-seeking also common occurs, social efficiency obviously can't be improved. Creative industry avoids the similar situation happens to a large extent: firstly, the value of ideas which is consumed by mainstream groups is decided by consumption object, and that the unique idea makes creative class free outside the law of supply and demand. For instance you won't buy "dragon ball" if you don't like cartoons, people praise highly of classical music won't go to Michael Jackson's concert, and an excellent advertisement will make enterprise take no hesitate of heavy gold. With the Say's demand created by supply law Bin Hu (2007) draws conclusion of supply and demand for creative industry: under the premise of protections of intellectual property, the creative product acquires rigid prices so that avoids the traditional product's supply-demand "price war". And consumption leads to making negotiation and rent-seeking reduced greatly. Secondly, the efficient timeliness exists in creative product, lantern riddle of the Lantern Festival won't be left till the next years, TV programs change every day, The BMW X1 won't be chased for even ten years, them don't like the food needs preservation fee, because the creative timeliness has become part of the consumption value. Thirdly, the no-heavy tendency of new economy brings creative products advantages of zero cost in transmission and storage. Creative products increasingly rely on output of content, it could be a planning, a design, and also easily be replicated like data, equally inputting idea into laptops or copying into U disk seems not a difficulty for a designer whose hands are powerless.

### 3.3. Idea value added

Besides use value, idea value attached in goods as well. Caves (2004) pointed out that the consumer appraise creative product not only in quality, but also characteristic, tone, style of the product, etc. He was referring to the content of product's idea value which includes experience value, cultural value, artistic value and symbolic value. These values that come from the consensus and long-term experience of the public meet consumers' spiritual needs, such as Karl CaiSi is authority brand of DC lens, and the world famous brand - Coca-Cola values even up to \$70.4 billion, this additional value will strive more consumers for product. Idea value is one of the main causes of creative product differentiation, by which heterogeneous competition caused makes the value space of the products richer. From the view of the scope economy, originality is provided with knowledge spillover effect and cultural spillover effect, certainly overflowing is accompanied with the formation of network, the knowledge and culture outflowed become Shared production materials of creative producers, so as to reducing the cost of production. XiaoHong Yu (2010) argues that the creative industry clusters are of a complex adaptive system and the characteristics of modular network organization, the network organization model owns characteristics of multi-level structure, fuzzy organization boundary and open organizational culture. That means that the creative industry cluster network consists of a large number of individuals and enterprises, they are trans-

versely or longitudinally split into many modular system according to their respective characteristics and function orientation. due to silky boundary and culture opening to the outside world, the system will produce a large amount of information flow both inside and outside, which directly leads to the external overflow, although the overflowing part do not directly belong to the overflowing source, extra value produced by overflowing is benefit for the whole network.

### 3.4. Industrial structure

Industry fusion is the effective way of upgrading the industrial structure, as previously mentioned, creative industry owns strong integration, which drives the coordinated development of related industry through industry consolidation and achieves industrial integration to promoting structure upgrade in different ways: First is to extend toward all walks of life by means of creative penetration, when creative or personalized elements was injected into source industry the qualitative change happens, the new syncretic industries are provided with new features and new values, such as cultural appreciation injected into tourism. Second is boundary fuzzification of industry, industry gets complementary integration and industrial resources gets optimized disposition after area cross and function of industry have been done, this generally expresses as industry attachment or industry consolidation, for instance strawberry planting attached to ecological sightseeing garden, animation industry and toy industry get fused etc. The third is industry recombination in the new standard, this is industrial upgrading happened when the scale of creative industry had developed to a certain extent in order to adapt to the new environment, abandoning encumbrance resources and combining high qualitative resources help new industry fused getting higher professional degree and stronger competitiveness, for example the fusion of art design and computer programming improves the design efficiency and saves the cost. In addition, original creativity could also develop the value chain and explore new way of production, transportation and sales link so as to extend new markets and achieve update of industrial structure. Finally, the upgrading of the industrial structure gets the chain effect, the advanced senior industry derived a new industrial association and seek new industrial environment, upgrading of structure won't stop along the path of correlation until the new system of perfect emerges. Bata loyal (2008) validated that by theoretical model: the accumulation of regional creative capital greatly promoted on the development of regional economic. The upgrading of the industrial structure made creative capital tend to be more optimal configuration and brought about huge value increment.

## 4. Development of Creative industry

Only rich market such as developed city market could consume the value created by creative industry. That is to say, creative industry flourishes in any place where people needn't worry about material life. According to the Florida's (2001) inspection of European crea-

tive industry, ninety percent of original creativity occurred in the city. PengJu Wei, etc. (2010) argues that the development of creative industry increasingly combines highly with urban operation. Creative industry is a product of high order economy and the important thrust of economic growth in post-industrial age, as well. Based on the abundant capital accumulated in industrial age, the creative industry lives in the society with rich substance and the material wealthy who meet the creative market's requirements will be the main subject of consumption. In addition, the creative industry cannot develop well without the support of both cultural and artistic diversity, strong penetration and integration guide the industry towards concentration changing and regionalization. The gathering of creative industry which incurs the scale effect that deepens the overflow of knowledge and culture and economy leads to reducing greatly of transaction cost. Therefore, the best way of development is to rely on city

and regard cluster district as rudiment, then build a public service platform with function of production and consumption. YongZhong Yang, etc. (2011) argues that the forming of creative gathering zone goes through three stages: that is unit gathering - Interface constituted - network developing. Three stages which are based on each other for the foundation in the course of evolution and use the authentication for traction constantly repeat, that not only makes creative unit gradually evolve from simple geographical collection into cluster network, but also the deepening in communication and cooperation eventually form the authentication of brand . Creative cluster district can be divided into three types according to the dominant factors of formation: (1) Gathering type led by artists. (2) Gathering of joint enterprise. (3) Government leading type. The both former is generally endogenous concentration, but the government leading is more exogenous concentration than endogenous concentration.

**Table 1.** Gathering area contrast

	Gathering type led by artists	Gathering of joint enterprise	Government leading type
Creative subject	Folk artists	Creative talents employed by Enterprise	Small and medium-sized enterprise, consulting agency
Goal	Communication and creative ascension	Economic benefit	City brand and economic strategy
Conditions	Culture and art atmosphere and low cost of living	Capital support, convenient traffic	Policy orientation, people's wish

As showing in table 1, the major difference among three kinds of cluster districts lies in the creative subject, Goal and conditions of formation. Artists gathered need good creative atmosphere and low cost of living while gathering do not produce economic utility in initial stage. With gathering zone expanding and creative quality enhancing, gathering area will be awarded with a kind of identity ID form the society, thus deriving economic value. The ultimate goal of enterprise gathering is to create profits, generally, large enterprise plays the leading role and rule by rowing the garden, that's to say the enterprise itself acts as managers and usually choose the regional which is convenient in transportation and close to the market as a gathering place, this kind of creative garden are popular with influence of government policy. The government leading type sets in the old area which is presided and reconstructed by government often with considering of economic development and cultural protection, this kind gardens aims at grand strategic goals, such as improving the urban quality and achieving the City of Design etc.

## 5. Conclusion

Creative industry owns the superior value appreciation mechanism. Its unique factor endowment and product organization form saved the cost space for the industry, and the creativity opened the people's spiritual consumption market, which focused industry on the top of the value chain, in addition, creativity got itself highly personalized and creativity, and with the strong integration, upgrading the industrial structure for the creative industries would be much easier. Dialysis creative indus-

try of the value appreciation mechanism, establishment of creative protection mechanism and expanding the creative consumption space help to explain and solve the creative problem of the cluster development. Therefore, the development of creative industry has to take the value added as the standard to establish the panoramic industrial chain of creative industry.

## References

- [1] Solid-state industry: refers to the industry exists in the industry that has been defined, the industry identity is fixed and production is the key to value it.
- [2] Endogenous concentration: if the local is rich in culture and art resources, the agglomeration will happen naturally with good economic basis and fertile creative soil.
- [3] Exogenous concentration: it is due to the exogenous factors such as demand of urban construction or economic developing strategy that the creative cluster happens.
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