

# The Innovation Ecosystem of the Tourist Cultural Cluster in the Ancient Villages of Southern Anhui

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## Abstract

World Heritage Sites (WHS) are locations rich in cultural resources where tourism and economic growth must be balanced with heritage conservation. WHS status enhances the attractiveness of a tourism destination while encouraging innovation in the design of new tourism products and marketing approaches (Gao et al., 2023; Cassel & Pashkevich, 2014). Effective destination management drives regional competitive advantage, with art and culture contributing to regional revitalisation (Yasuda, 2020). The Ancient Villages of Southern Anhui (Xidi & Hongcun), inscribed in the UNESCO World Cultural Heritage List in 2000, are “living heritage” sites where local communities still live and work in protected buildings. The architecture in both villages is typical of the late feudal Chinese society, where dwellings of exquisite craftsmanship embody the regional Huizhou culture. Founded in the Song Dynasty, Xidi now covers an area of nearly 13 hectares. There are three ancestral halls, one archway, and 224 ancient dwellings built from the 14<sup>th</sup> to the 19<sup>th</sup> century. Xidi architectural style is typical of ancient villages in the Ming and Qing Dynasties. Hongcun covers an area of 19.11 hectares and was built in AD 1131. There are 137 ancient buildings also in the Ming and Qing Dynasties’ style.

Unlike other innovation sites, such as industrial parks and business incubators, WHS constitute *cultural* innovation clusters. Innovation clusters play an important role in economic growth and international competitiveness. An innovation cluster builds on the industrial cluster concept, which includes enterprises, scientific research institutions, universities, intermediaries, and other organizations, where knowledge and skills exchanges occur, leading to new technologies and products. Cluster development policies are pertinent to SMEs as they are more locally rooted and lack internal innovation resources (Hervás-Oliver et al., 2021). Cultural innovation clusters are networks of geographically co-located interdependent entities characterized by special commodities such as creativity and intellectual property (Santagata, 2002). Cultural tourism clusters describe agglomerations of natural, historical and social resources. Amenities and cultural experiences are integrated into the tourism space: cultural and creative industries provide cultural facilities and services that enable certain cities and regions to become tourist destinations, contributing to broader socio-economic development (Le Blanc, 2010). However, the existing innovation ecosystem model does not fully explain the phenomenon of a cultural tourism innovation cluster.

The tourism cultural cluster in Xidi and Hongcun is perceived as a social network involving local and external actors, and their linkages, such as collaboration, funding, advice, and value chain relations. External actors are based in Southern Anhui Province, other parts of China or, in some cases, overseas. This study employed social network analysis (SNA) to analyse the structure of the social networks in relation to the attributes of individual actors. A questionnaire

survey was administered face-to-face in September 2023 with cultural tourism organizations (41) located in Xidi and Hongcun WHS to collect information about organizational attributes and their relations in collaboration projects, funding, advice, and value chain. Survey participants were identified from secondary data available from the local government and the Tourism Bureau of the county. The organizations are coded and classified according to their location and main area of activity, while each of the four relations is represented as a separate network. UCINET software is used to describe the overall network structure and the network position of individual actors so that actors with more influential roles can be identified. Moreover, overall network cohesion and heterogeneity indicate how network structure can enable resource flows and creativity. To understand the network and role of cultural tourism and creative industry actors, a new relational model dedicated to the cultural tourism innovation cluster is established. The directed networks of funding, value chain and advice are analysed as examples. The funding network contains information about the sources and the value of financial flows. The value chain network includes the links to customers and suppliers. The advice network addresses how firms receive and provide advice.

The preliminary findings and conclusions of the three networks are summarized as follows:

(1) In the funding network, cultural tourism organizations in Xidi and Hongcun mostly choose local funding providers, and the main sources of funds are banks and the government, among which most organizations choose state-owned banks and rural financial institutions, and a few choose collective banks. The government agencies that provide financial support are the local administrative departments related to cultural tourism.

(2) In the value chain network, the types of organizations are more diversified; the interviewed cultural tourism organizations are more inclined to choose local retail companies and construction companies as suppliers, because these companies have a better understanding of the local market environment and architectural style, and can launch cultural tourism products and services suitable for the local market environment; when choosing travel agencies, they prefer to choose those based in Huangshan City—the prefecture-level city where Xidi and Hongcun are located. The city serves as a passenger flow hub, which directs tourists to various scenic spots in the province. Travel agencies in Huangshan City can transport a large number of tourist groups to cultural tourism organizations in Xidi & Hongcun. When choosing technology companies, Internet companies and online tourism agencies, most of the cultural and tourism organizations interviewed chose those based in Beijing, Shanghai, Hangzhou, Shenzhen, and other economically developed cities in China. These cities have industrial clusters, large populations, and large universities, which can develop tourism technology products with high scientific and technological content and stable performance.

(3) In the advice network, most of the suggestions received by cultural travel organizations come from local governments, including suggestions on business norms and policy interpretation. In addition, the cultural travel organizations also exchange business experiences with peers.

**Keywords:** World Heritage Sites, Innovation Ecosystem, Cultural Cluster

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