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A STUDY ON THE SYSTEM OF INFLUENTIAL  
FACTORS FOR HIGH-QUALITY DEVELOPMENT OF  
CHINESE CULTURAL AND TOURISM TOWNS:  
INSIGHTS FROM W TOWN

CHEN YU

SINGAPORE MANAGEMENT UNIVERSITY  
2023

A Study on the System of Influential Factors for High-quality  
Development of Chinese Cultural and Tourism Small Towns:  
Insights from W Town

Chen Yu

Submitted to Lee Kong Chian School of Business in partial  
fulfilment of the requirements for the  
Degree of Doctor of Business Administration

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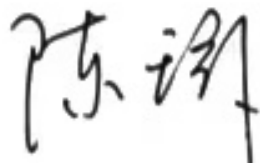
SINGAPORE MANAGEMENT UNIVERSITY

2023

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I hereby declare that this DBA dissertation is my original work and it has been written by me in its entirety. I have duly acknowledged all the sources of information which have been used in this DBA dissertation.

This DBA dissertation has also not been submitted for any degree in any university previously.

A handwritten signature in black ink, consisting of the Chinese characters '陈' and '宇' (Chen Yu).

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Chen Yu

30 March 2023

A Study on the System of Influential Factors for High-quality Development of  
Chinese Cultural and Tourism Small Towns: Insights from W Town  
Chen Yu

**Abstract**

Under the dual support of the government and market, the number of cultural and tourism small towns in China has increased rapidly in recent years. However, many small towns have encountered problems such as poor performance, disputes over interests, and operational deficiencies during their rapid development. As China's economy gradually enters a phase of high-quality development, how to promote the high-quality development of cultural and tourism small towns has become a concern for experts in the industry and academia. Currently, research on the high-quality development of cultural and tourism small towns in China is relatively fragmented and lacks a comprehensive study of the entire development process of these small towns, making it difficult to provide effective theoretical guidance for their high-quality development. Based on this, this study reviews the relevant research on cultural and tourism small towns in China and proposes to construct a system of influential factors for high-quality development of Chinese cultural and tourism small towns from a Life Cycle perspective, using qualitative methods such as case studies. Additionally, the study will use the Analytic Hierarchy Process (AHP) to determine the weights of each influential factor.

Firstly, the author delineates the process of the dynamic evolution of the cultural and tourism towns' high-quality development in China through industry research and literature review. The whole process can be divided into the project proposal, planning, construction, operation, and renewal stages. Then, the author selects W, a top-ranking town in China's cultural and tourism industry,

as a case study to summarize the influencing factors of W's high-quality development. It turns out that the factors of W town in each stage of development are different. Specifically, the factors are the development value judgement at the project proposal stage, top-level architecture design, design of three major patterns, and consumer scene creation at the planning stage, high-quality implementation and management at the construction stage, visitor experience design and brand impact at the operation stage, and content and product innovation at the renewal stage. To further test the universality of the findings in the W-town case study, the author selected three additional cases with good development dynamics in China and extracted the influencing factors of their high-quality development based on the grounded theory. The comparative analysis found that the conclusions were basically consistent with the W-town case study. Based on this, the author constructed the impact factor system and designed the expert consultation questionnaire. The Analytic Hierarchy Process (AHP) of the questionnaire data calculated the weights of the primary and secondary indicators of the impact factor system.

By combining qualitative and quantitative analysis, this study explores the factors influencing the quality development of several cases throughout their life cycle, which fills the gap of dynamic tracking of cases in existing research on cultural and tourism towns and enriches the perspective of research in this field. The study provides a powerful tool for the government and enterprises to assess the development status of China's cultural and tourism towns in the future.

*Keywords:* China's cultural and tourism town, high-quality development, impact factors, case study

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## ACKNOWLEDGEMENTS

As the Chinese New Year approaches, after four years of study and work, I am finally welcoming the day of submitting my thesis. Due to the impact of the COVID-19 pandemic, the past four years have been very challenging for both learning and work. However, there is always light at the end of the tunnel. Although the writing process of the thesis has been arduous, I am doubly grateful when I finally finish it. The DBA program has provided me with the opportunity to meet many outstanding professors and classmates. From them, I have deeply realized the idea that learning never ends. Writing this thesis has given me the chance to reflect on my twenty years of work experience in Wuzhen and Beijing W Town. I hope this thesis can serve as a reflection of these experiences.

I would like to thank my supervisors, Professors WANG Heli, Professor CHEN Long and Professor ZHANG Baoli, for their guidance and assistance during my studies and research to improve the ideas and framework of this dissertation. I have benefited from their rigorous attitude in doing research and their spirit of being tireless in teaching. They taught me how to combine practice and theory and how to apply the latest theories as a business manager.

I would like to thank all the professors and teachers during my DBA study for their profound knowledge and innovative thinking, from which I gained a

lot. I would like to thank Ms. YAO Wei and Ms. LI Linna, whose consistent care and help gave me the greatest motivation to deliver the manuscript on time.

I would like to thank Director CHEN Xianghong and the many managers of Wuzhen, Beijing W town, Lingshan Town, Nianhua Bay and Hengdian Town for their support in helping me to complete my dissertation. They cooperated with me several times to complete in-depth interviews during my research, which provided me with valuable first-hand information for my writing.

Thanks to ZHANG Xiaofeng, ZHANG Xiao, and my buddies for their help in my interview.

Finally, I would like to thank my family for their understanding and support of my studies and work over the years.

# **Chapter 1: Introduction**

## **1.1 Research Background**

China's new urbanization strategy prioritizes urban-rural coordination and integration, city-industry interaction, conservation and intensification of resources, ecological livability, and harmonious development. This approach has led to changes in residents' consumption patterns and increased awareness of natural and human resource protection. As a result, China has expanded its focus on characteristic towns. These towns play a crucial role in protecting regional resources and promoting regional population growth, income, industrial development, and economic growth.

### **(1) Cultural and Tourism Towns are Flourishing, but the Quality is Uneven**

At all levels of the Chinese government, various preferential policies have been promulgated to fully support the construction and development of characteristic towns in terms of land resources, talent introduction, financial funds, and other aspects. With the increasing attention of the national and local levels on characteristic towns, various types of characteristic towns are springing up like mushrooms. As one of the five types of characteristic towns, cultural and tourism towns combine culture and tourism as the fundamental basis, focus on cultural genes and cultural elements as the construction focus, and use creativity and design as the basic means. This matches the personalized, unique, experiential, and ecological consumption demands and trends pursued by today's consumers. As of now, of the first batch of 127 characteristic towns

in China, about 50% (64) are oriented towards tourism as the main development direction, and about 18% (23) are oriented towards historical and cultural development. Cultural and tourism towns account for nearly 70% of the first batch of characteristic towns. Of the second batch of 276 characteristic towns in China, 66 are tourism-oriented towns, and 47 are historical and cultural towns, accounting for a total of approximately 40%. From the development and construction of Chinese characteristic towns, cultural and tourism towns account for a relatively high proportion (Zhao, 2017). These data fully reflect China's emphasis on the construction of cultural and tourism towns, and the construction of cultural and tourism towns shows a blossoming trend.

In fact, from the perspective of the cultivation goals of the three Chinese ministries (consisting of the Ministry of Housing and Urban-Rural Development, the Ministry of Culture and Tourism, and the National Development and Reform Commission), tourism is just one of the characteristics of specialty towns, and cultural and tourism towns are just one type of specialty town. However, in practice, most specialty towns have taken tourism as an important path for the town's characteristic development. While cultural and tourism towns continue to develop rapidly, they have also exposed many problems, with development difficulties gradually becoming apparent in various stages of development, including development, planning, creation, and operation. These problems are mainly manifested in the serious homogenization of cultural and tourism towns caused by unclear characteristic positioning,

insufficient excavation of cultural connotations, and a lack of emphasis on creativity; a lack of pre-operational thinking has resulted in serious property-oriented development of cultural and tourism towns to quickly balance investment. Although early construction is valued, there is a lack of operational concepts, which leads to problems such as the inability to achieve sustainable and high-quality development.

In August 2018, the "Notice on Establishing a Mechanism for the High-Quality Development of Specialty Towns and Specialty Small Towns" was issued, proposing several standardized management measures for specialty towns, and requiring strict benchmarking, careful identification of problems, and effective rectification. At the same time, local governments are encouraged to explore various types of specialty towns, avoid duplication, and make them easier to promote. Specialty towns represented by cultural and tourism towns urgently need to explore a sustainable development path under the guidance of academic research and government policy guidance, and truly achieve high-quality development.

**(2) Research on Cultural and Tourism Towns is Rich and Comprehensive, but the Research Results are Fragmented**

The concept of cultural and tourism town emerged after the concept of a characteristic town was proposed. Although the construction of cultural and tourism towns is currently in full swing, there is still no unified definition of this concept. After analyzing existing literature, this study finds that there are

different terminological concepts of cultural and tourism towns, such as tourism towns, tourism towns, characteristic tourism towns, cultural and tourism type characteristic towns, among others. Currently, there is a lack of a unified definition of cultural and tourism towns in academic circles, and there are many misunderstandings about the concept in practice. This leads to problems such as excessive real estate development and a lack of regional cultural characteristics in these areas.

Hence, the primary challenge in theoretical research in this field is to define the connotation of a cultural and tourism town, along with a successful case study. Currently, scholars tend to group various types of characteristic towns together for their research, leading to overly ambitious and generalized topics. Moreover, many studies rely on foreign theories and experiences without considering the unique stages of economic and social development and urbanization characteristics of China. As a result, most domestic studies only focus on the external outcomes of high-quality cultural and tourism town development, while neglecting the development process and underlying logic. Given the relatively recent inception of research and practice in this area, existing analyses of cultural and tourism towns are not integrated or profound. Most studies are limited to simple case information analysis without theoretical conclusions. Collectively, these factors make it challenging for current research to offer robust scientific support for high-quality cultural and tourism town projects.



### **(3) Urgent Need for Academic Follow-up for the High-quality Development of Cultural and tourism towns**

As China's economy shifts towards high-quality development, the cultural and tourism town industry and associated projects in various regions are experiencing rapid growth. However, as the industry matures, it has become evident that several challenges arise during different stages, including planning, design, construction, and operation. As a result, many projects have failed, and few have been deemed highly successful. Given this context, it is critical to transform cultural and tourism towns into a vehicle for high-quality economic development and supply-side structural reform.

Chinese scholars have researched this topic using various methods to address these challenges and find a way forward. For example, some have employed qualitative analysis techniques, such as case analysis and expert consultation, to summarize the experiences and practical foundations of typical cases related to the high-quality development of cultural and tourism towns. These studies propose helpful measures for their development. While this research provides a useful reference for future studies, there is a need to consider the background of high-quality development more deeply.

The existing studies tend to focus more on cross-sectional information of the selected cases, ignoring the impact of the life cycle of these towns as tourism products on their high-quality development. Therefore, in the context of high-quality development, it is necessary to explore the key factors that influence

town quality throughout its entire life cycle.

## **1.2 Research Questions**

Cultural and tourism towns are a product of a specific stage of urbanization. They do not belong to any administrative unit but rather are a new spatial economic phenomenon and a unique form of industrial organization. China mainly relies on GDP as an indicator for the urban development of administrative units. Although this reliance has gradually weakened in recent years, economic growth remains the primary index for assessing urban development. Given this context, what elements affect the high-quality development of cultural and tourism towns? Is there a general rule for them? What are their weights? These urgent questions require comprehensive and interdisciplinary basic theoretical research.

However, as the development history of cultural and tourism towns in China is relatively short and they have a certain complexity and innovation, systematic research on these towns is still insufficient. Analyzing the existing literature at home and abroad, the author found that the existing research tends to focus on the preliminary exploration stage of their formation mechanism, industrial integration, and planning and design methods. Few papers conduct empirical research on the development quality of the towns. There is a lack of analysis on the influencing factors and their weights for the high-quality development of cultural and tourism towns.

The review of the studies reflects that the main problems are that the

analysis of the problem is fragmented, disregarding the objective facts and laws of the life cycle of cultural and tourism towns' development. The necessary participation of various sectors and the crucial stakeholders' management of the towns have been neglected, leading to some profound social contradictions in local areas. Moreover, the discussion and analysis of the planning, construction, and operation management of cultural and tourism towns are of great importance. Different design philosophies contribute unevenly to how cultural and tourism towns are presented, and the different operation services also bring different experiences to tourists, which will affect the high-quality development of cultural and tourism towns to different degrees.

### **1.3 Research Significance**

The concept of cultural and tourism town in China appeared after 2016, and it has only six years of practice so far and is still in its preliminary exploration stage of development. This paper summarizes the main elements influencing the high-quality development of four cultural and tourism towns with good development status, which has very important theoretical significance to enrich the results in this field and can serve as practical guidance to the high-quality development of the towns worldwide in the future.

#### **1.3.1 Theoretical Significance**

As a new spatial carrier for the development of emerging characteristic industries and a new type of economic organization, what exactly is the accurate connotation of cultural and tourism town? What key factors affect the high-

quality development of cultural and tourism towns? These questions require in-depth research urgently.

The existing academic research on cultural and tourism towns is still relatively preliminary. Most researchers have conducted relatively simple analyses of selected cultural and tourism town cases based on publicly available online data. Due to the limited public data on various cultural and tourism towns, the depth and accuracy of current empirical research are lacking. The research content overall presents isolated, single, and homogeneous characteristics. This paper takes a full life cycle perspective, focuses on process-oriented and dynamic case tracking analysis, and comprehensively uses the product life cycle theory and stakeholder theory. Based on the practical experience of the author's own participation in the operation and management of the W town project, as well as field interviews and investigations of three high-quality cultural and tourism town cases in the industry, operational case analysis and grounded analysis are used to summarize and refine the key factors that affect the high-quality development of cultural and tourism towns. The weight of different impact indicators is determined through hierarchical analysis. The research conclusions of this study will help enrich the theoretical research on the development of China's cultural and tourism towns and provide a reference for exploring the high-quality development path of cultural and tourism towns.

### **1.3.2 Practical Significance**

Cultural and tourism towns are a new space for developing a distinctive

economy, an innovative platform for industrial development, and a new model for constructing "three-in-one space" (production space, living space, and ecological space). This paper aims to provide practical value by conducting a comprehensive and objective analysis of the hot trend in the construction of cultural and tourism towns, summarizing the high-quality development experience of W town, and further exploring the key factors affecting the full life cycle of the "W town model" from the perspective of management studies. The research findings will guide the future development of cultural and tourism towns.

After more than 20 years of development, W town has become a benchmark in China's tourism industry and has formed a "W town model" that has been validated through practice. Based on years of working experience, the researchers identified the key factors affecting the full life cycle of the "W town model" for high-quality development. The researchers also conducted in-depth research on other cultural and tourism towns with high-quality development in the industry, using multiple case studies and data analysis to construct a system of factors affecting the high-quality development of China's cultural and tourism towns. This system will provide practical reference and guidance for the planning, construction, operation, and management of other cultural and tourism towns in China.

## **1.4 Research Ideas and Methodology**

### **1.4.1 Research Ideas**

The chapters and main content of this paper are as follows.

#### **Chapter One: Introduction.**

This chapter analyzes the development background of China's cultural and tourism towns and describes the current status quo and problems in these towns. This sets the stage for the main research questions of the paper, which are then presented. The paper also outlines its theoretical significance and practical value, as well as the research ideas, content, and main research methods, including technical methods.

#### **Chapter Two: Literature Review.**

This chapter begins with a discussion of the concepts of small towns and characteristic towns and then defines cultural and tourism towns in a prescriptive manner to narrow the scope of the research. The chapter reviews literature on types of cultural and tourism towns in China, their development history and characteristics, existing problems, development models, and influencing factors from domestic and international sources. The chapter also analyzes the W-town model and the perception of Chinese scholars on the model. The concept of high-quality development is then introduced, followed by a literature review on the topic, and finally an analysis of the theoretical basis for the research.

#### **Chapter Three: Research on the High-Quality Dynamic Evolution Process**

## **of Cultural and tourism towns in China.**

In this chapter, the author delves into the dynamic evolution of cultural and tourism towns in China and analyzes the life cycle stages of these towns. The author focuses on the hindering factors at each stage and proposes a definition of high-quality development of cultural and tourism towns based on a review of the literature and practice.

### **Chapter Four: W-Town Case Study**

In this chapter, the author examines W-Town as the main case study and conducts a systematic analysis of the key influencing factors for the entire life cycle of W-Town's high-quality development, based on the product life cycle theory, the author's practical experience, and relevant expert interview data. The research classifies the factors into five stages: development value judgement in the proposal stage, top-level architecture design and consumer scene creation in the planning stage, high-quality implementation and management in the construction stage, tourist experience design and brand marketing promotion in the operation stage, and content renewal product iteration and innovation, and management mode renewal in the renewal stage. This chapter summarizes the core ideas of the paper.

### **Chapter Five: Multi-case Grounded Analysis**

To further test the universality of the impact factors extracted from the W-Town case study, the author collects first-hand information by conducting research on three other high-quality cultural and tourism towns in China:

Beijing Water Town, Nianhua Bay Town, and Hengdian Town. Through grounded analysis, the author identifies the impact factors for each town and compares the findings to optimize the impact factor system for the high-quality development of cultural and tourism towns in China.

### **Chapter Six: Weighting Analysis of the Impact Factor System**

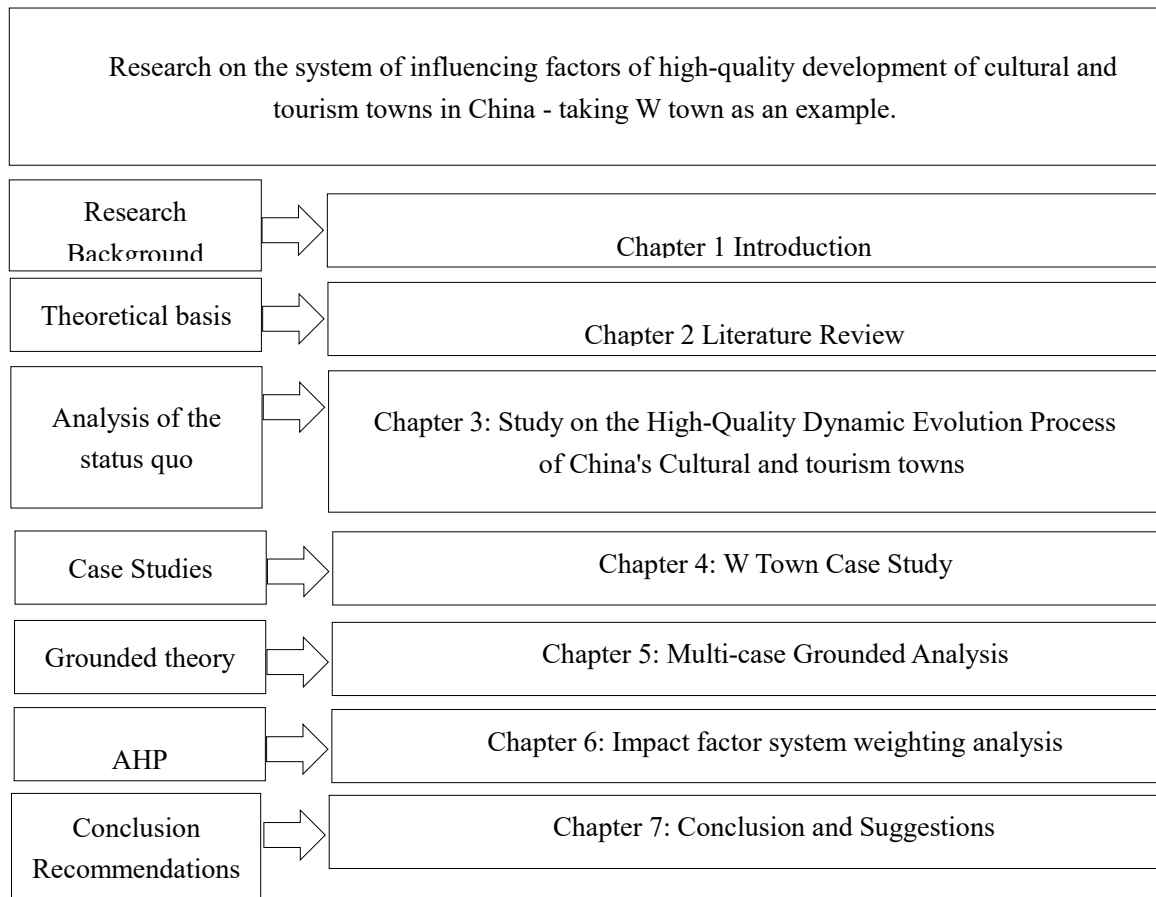
Based on the findings in Chapter 5, the author designs expert consultations and invites experts from top universities, successful cultural and tourism town executives, and famous entrepreneurs in the industry to fill in questionnaires. The author then uses the Analytic Hierarchy Process (AHP) method to process the data and proposes a feasible and replicable influencing factor system for the high-quality development of cultural and tourism towns.

### **Chapter Seven: Conclusions and Recommendations**

This chapter summarizes the main findings of the paper and provides recommendations for the development of cultural and tourism towns in China. The author also elaborates on the innovation points and shortcomings of this paper.

The structure of the research in this paper is shown in Figure 1-1.





**Figure 1-1 Thesis research idea diagram**

### 1.4.2 Research Methodology

Given the complexity and innovation involved in cultural and tourism town research, this paper employs an integrated approach using multiple disciplinary theories to study the influencing factor system of high-quality development. The research adopts various qualitative and quantitative methods such as the case study method, expert consultation method, and Analytic Hierarchy Process (AHP) method.

**Case study method:** The information for this study was gathered through in-depth interviews with the top managers of the four case towns. The author

sent interview invitation emails to the top managers, introducing them to the research subject, the interview outline, and the interviewees' rights and obligations. After receiving the invitation, the author conducted face-to-face in-depth interviews with the managers at their workplaces, with each interview lasting for over 30 minutes. The study categorizes and processes W-town's in-depth interview data and secondary data. Based on the information obtained, the author extracts the influencing factors for the high-quality development of China's cultural and tourism towns, the key influencing factors of W-town in each development stage, and their specific expressions.

**Grounded theory:** Proposed by Glaser and Strauss, grounded theory is a scientifically valid qualitative research method that is useful for constructing theories and remaining faithful to real phenomena. Typically, when using this method, researchers do not make theoretical assumptions but rather start from empirical data and phenomena manifested in real situations, generalize from the collected primary data, and then summarize the propositions and concepts to construct relevant framework models. In this study, to further verify the universality of the W-town case study in identifying factors influencing the high-quality development of cultural and tourism towns in China, the author separately analyzed three other cases: Beijing Water Town, Nianhua Bay Town, and Hengdian Town, using grounded theory. The main steps of the analysis were open coding, axial coding, and selective coding. The study constructs the influencing elements of high-quality development for the three cultural and

tourism towns through repeated comparison, refinement, and generalization of the collected original materials.

**Questionnaire method:** This study constructed a whole life cycle system of the influencing factors for the high-quality development of Chinese cultural and tourism towns based on comparing the findings between W town and Beijing Water Town, Nianhua Bay Town, and Hengdian Town. To optimize the system, the study designed expert questionnaires, including an academic expert version and an industry expert version. The questionnaire focused on the importance of each indicator in assessing the impact of different factors.

**Analytic Hierarchy Process (AHP) method:** The degree of influence of each factor and their weights can be determined through the AHP method based on the expert scoring analysis. Finally, the weight analysis contributes to identifying decisive factors for the high-quality development of cultural and tourism towns.

## **Chapter 2: Literature Review**

### **2.1 Review of Relevant Conceptual Studies**

#### **2.1.1 The Concept of Small Urban Areas**

In China, small urban areas have a special context as they are the product of interaction between cities and villages in the process of rural-to-urban transformation (Ning, et al., 2002). Based on the composition system of China's urban system and division according to administrative units, research by Zeng (2010) proposed that small urban areas can be divided into four levels: small cities, downtown counties, established towns and market towns.

Chinese scholars have studied small urban areas from different perspectives. From an economics perspective, Fei (1996) pointed out that small urban areas are service-oriented communities formed by the aggregation of the population who do not engage in agricultural activities; they are the political, economic, and cultural centers of rural areas. From a management perspective, research by Wu (2014) proposed that there are differences in social management and administrative systems between established towns and non-established towns, and small towns refer to established towns. From a geographical perspective, small urban areas are spatial settlements of urban and rural areas and are an integral part of the urban system. Research by Ke (2021) proposed that small urban areas are transitional areas from rural to urban areas, detached from the essence of the rural areas but have not yet formed a modern city where multiple economies and industries coexist.

From the perspective of leading industrial types of small urban areas, research by Chen (2017) classified small urban areas into tourism-oriented small towns, industrial-oriented small towns, transportation-oriented small towns, and so on.

According to the *Urban Planning Law* promulgated in 1989, downtown counties and established towns are both under the jurisdiction of small urban areas. According to the *Urban and Rural Planning Law* issued in 2007, town and city planning are parallel, while village and rural planning are parallel. In 2019, the “*Several Opinions on Establishing the National Territorial Spatial Planning System and Implementing Supervision*” clearly defined the “Five Levels, Three Categories” spatial planning system and incorporated the planning of townships and established towns into the territorial spatial planning at the township level. In summary, this study considers small urban areas to be an important part of China’s urban system, with a small population and small scale and is a synonym for established Chinese towns in the urban system.

### **2.1.2 The Concept of Small Characteristic Towns**

In China, the concept system of small characteristic towns has been formed relatively recently, evolving from concepts such as “small urban areas” and “characteristic small urban areas.” The concept of small characteristic towns was first mentioned in a government document titled “*Accelerating the Development of New-type Towns for Economic and Social Development*” issued

by Kunshan City, Jiangsu Province in 1996. The concept of small characteristic towns was first clarified in the “*Guiding Opinions of the People’s Government of Zhejiang Province on Accelerating the Planning and Construction of Small Characteristic Towns*” in 2015 as a spatial development platform with a clear industrial positioning, unique cultural background, characteristic tourism functions and certain community functions. The “*Notice on Carrying out the Cultivation of Characteristic Towns*” released in 2016, pointed out that by 2020, around 1000 vibrant characteristic towns with unique features, such as leisure tourism, traditional culture, and beautiful and livable environment, would be developed. (Zhao & Ding, 2016). The “*Guidance of the National Development and Reform Commission on Accelerating the Construction of Beautiful Small Characteristic (Cities) Towns*” released in the same year, further emphasized that small characteristic towns mainly gather characteristic and emerging industries and serve as innovation and entrepreneurship platforms, further clarifying the industrial connotation of small characteristic towns.

Although the concept of small characteristic towns was initially proposed in a government document, it has since garnered the attention of scholars due to the increasing adoption of the concept. Chinese scholars have primarily examined the connotation and extension of small characteristic towns based on the development experience of these towns in Zhejiang Province. Research by Chen (2016) proposed that small characteristic towns are neither villages nor towns in the traditional sense. Research by Wei (2016) asserted that there are

various types of small characteristic towns, including independent neighborhoods that are not part of urban areas but are located within a large city and independent communities situated around cities and towns. Research by Sheng et al. (2016) proposed that small characteristic towns are a new spatial carrier capable of driving the surrounding economic development.

In addition, many scholars define small characteristic towns from various perspectives, including ecological, cultural, industrial, functional, and organizational forms. From the cultural perspective, research by Li (2019) further explained the connotation of small characteristic towns by proposing that they serve as carriers of characteristic regional culture, enabling in-depth integration of the industry, city, people, and culture. From the industrial perspective, research by Zhang (2016) suggested that small characteristic towns prioritize industrial demand as the primary factor and strive to achieve the integration and balance of production, life, and ecology. Research by Li (2017) proposed that small characteristic towns prioritize characteristic industry as the core, aiming to integrate industries with culture, environment, ecology, tourism, and other functions; research by Xu (2019) believed that the foundation of small characteristic towns is industry, the core factor is the characteristic leading industry, and small characteristic towns are essential development platforms for the characteristic industries. In terms of the functional features and innovation path, research by Zhao and Zhao et al. (2016) held the view that the three core development elements of small characteristic towns are the novelty of the

development concept, the uniqueness of culture and development model, and the integration of innovation factors and governance entities; research by Shi (2017) believed that small characteristic towns provide tourism and community functions, and are organic and integrated development bodies jointly composed of distinctive regional industries and specific humanistic environments.

Furthermore, research by Zhang (2017) proposed that small characteristic towns are a product of economic development to a certain stage and are small town development models where regional industrial, cultural, ecological, and other elements are spatially concentrated. Research by Wei and Shi (2016) described small characteristic towns from four elements: industry, function, form, and mechanism. They proposed that such towns are a new type of spatial community relying on characteristic industries and composed of related organizations, institutions, personnel, and characteristic culture. Research by Bai et al. (2016) proposed that small characteristic towns should possess features of “strong and distinctive industries, clustered and integrated functions, small and beautiful forms, and new and active mechanisms”.

In summary, based on an excellent natural environment, unique regional culture, and complete basic infrastructure, small characteristic towns follow the core development concepts of novelty, unique cultural and developmental model, and integration of innovation factors and governance entities, develop characteristic dominant industries, and create highly integrated urban clusters featured by “three-in-one space” (production space, living space, and ecological



space). They build an organic and integrated development complex characterized by characteristic leading industries and excellent ecological and humanistic environments, with both tourism and community functions, and in-depth integration of “industry, city, people and culture” composed of organizations, institutions, personnel, and characteristic culture.

### **2.1.3 The Concept of Cultural and Tourism Towns**

Before the concept of small characteristic towns was introduced, most small urban areas focused on tourism were called small tourism towns. Foreign scholars have conducted research on tourist towns earlier, indicating that as dominant resource-based industries such as coal, oil, electricity, and agriculture declined, tourism became an important driver of economic development in small towns (Perales, 2002; Davis & Morais, 2004; McGehee & Andereck, 2004). In China, scholars began to focus on small tourism towns, mainly after 2000. Research by Qiao (2005) indicated that small tourism towns have a beautiful natural environment and rich cultural resources and can attract many tourists or assume certain tourism reception service functions. Tourism revenue accounts for a dominant proportion of the GDP. Research by Zhao (2010) proposed that small tourism towns have abundant tourism resources, and tourism is the leading local industry. Research by Lin (2012) considered that small tourism towns refer to towns with abundant tourism resources that provide sightseeing, leisure, and other services, with tourism as its leading industry. Research by Shi (2013) proposed that tourism is the leading industry of small

tourism towns, with one or more thematic activities.

After the concept of small characteristic towns was proposed, the academic community mainly divided the concept of tourism-oriented small towns into tourism-featured towns and small tourism towns (Zeng, 2018), characteristic tourism towns (Wu, et al., 2017), cultural tourism-type towns (Huang & Wang, 2017), cultural and tourism towns (Chen & Shao, 2015), etc. Through the analysis of existing literature, the cultural and tourism town is a type of small characteristic town and serves as an innovative and entrepreneurial platform that is neither a town nor a district. It is a characteristic town project with cultural and tourism as the core or characteristic industries.

Although cultural and tourism towns are amid construction and development, there is a lack of relevant research, and a unified definition has yet to be formed. To deepen and interpret the concept of cultural and tourism towns, research by Kong (2017), Deputy Director of the Art Development Center of the Chinese Ministry of Culture and Tourism, proposed a positioning of cultural and tourism towns: by relying on the integrated development of cultural tourism, with the cultural genes and elements refined as the core, and creative design is used as the means to integrate natural, cultural, and industrial resources into an organic, integrated spatial system that combines ecological, living, cultural, and industrial elements. The system is guided by a systematic and distinctive cultural identity, and becomes a living entity with historical memories, cultural traditions, modern fashion, and forward-looking vision.

In China, many scholars have also given various definitions of cultural and tourism towns based on different research perspectives. Research by Du (2017) suggested that tourism-oriented towns are characterized by distinctive natural or cultural resources, with tourism as the leading industry, focusing on sustainable tourism development with local living and ecological environments. Research by Zhang (2017) believed that cultural tourism-oriented towns could provide functions such as showcasing historical and cultural relics, cultural experiences, leisure and recreation, characteristic cultural business, characteristic industry, characteristic life, and basic services. Research by Liang (2018) proposed that cultural and tourism towns integrate cultural and tourism projects with small characteristic towns, taking advantages of favourable location, policy support, natural resources, as well as historical and humanistic conditions, these towns aim to create a specific production, living, and ecological spaces, becoming living entities with historical memories, cultural traditions, sensory guidance, and modern fashion. Research by Chen (2019) proposed that cultural and tourism towns, based on natural resources, human resources, geographical conditions, and characteristic industries, are regional areas that combine residential areas and tourism areas to develop the tourism industry. The foundation of cultural and tourism towns is people-oriented, highlighting local cultural characteristics, grasping the local population, and targeting foreign visitors. Research by Chen (2020) pointed out that characteristic tourism towns are small towns with a dominant or significant

tourism attribute, built and developed based on the tourism industry, relying on attractive traditional industrial resources, regional cultural resources, ecological and environmental resources, and other related resources, and incorporating multiple functions such as tourism scenic spots, leisure gathering areas, industrial development areas, and new urbanization areas into one spatial carrier. Research by Zhai (2020) pointed out that characteristic tourism towns refer to towns with tourism as the leading industry or as the characteristic industry or towns that are notably tourism-oriented; they are products of the in-depth integration of towns and tourism. Research by Fu et al. (2020) suggested that the cultural and tourism town is a special type of regional area that integrates resources and commercial operations, combines cultural characteristics and tourism potential, realizes cultural and tourism integration, and reflects the two major models of new urbanization and regional development. Research by Zhao (2021) has emphasized that cultural and tourism towns are centered around culture with the integration of culture and tourism as the core and focuses on cultural creativity and re-creation. Additionally, these towns focus on cultural creativity and re-creation, drawing upon historical, cultural, ecological, and folk customs to form an eco-space system model that integrates culture, industry, life, and history. Research by Zhang (2021) further defined the concept of non-developmental and developmental cultural and tourism towns. The developmental type takes cultural and tourism as the core industry and creates economic benefits by utilizing location, transportation, special resources, or

industrial advantages. These towns are specific spaces that integrate residential communities or tourist attractions.

Based on the above literature review, this study proposes that cultural and tourism towns are not established towns within the administrative division system or industrial parks, but rather an advanced version of towns that have been upgraded from traditional townships. Traditional townships are formed by the clustering of farmers and businessmen and are considered towns in the administrative sense. Cultural and tourism towns, on the other hand, are not administrative districts or towns. They are new, symbolic, and market-oriented cultural and tourism products that rely mainly on historical resources, humanistic traditions, regional culture, characteristic industries, and other regional resources. They make use of the embeddedness and amplification of the modern tourism service industry and emphasize culture, resources, and the establishment of characteristic scenes.

## **2.2 Review of Cultural and Tourism Towns Related Research**

### **2.2.1 Review of Research on the Types of Cultural and Tourism Towns**

Academia has not formed a unified or representative classification system for small characteristic towns, and existing studies generally classify small characteristic towns according to their industrial traits. For example, research by Ma et al. (2019) identified "culture and ecology orientation" and "traditional and digital industry orientation" as two paths for small characteristic towns. It categorized them into types of tourism development, historical and cultural

experience, industrial development, and agricultural service. Research by Lu and Zhang (2020) used Embeddedness Theory to establish a classification system for small characteristic towns based on their industrial traits, categorizing them into four types: primary industry-led, secondary industry-led, tertiary industry-led, and quaternary industry-led. The tertiary industry-led type includes tourism development-supported, transportation and storage-supported, and monetary and financial industry-supported towns. Research by Wei (2020) studied small characteristic towns in Jiangsu Province and found that dominant regional industries are highly relevant to the core industries of small characteristic towns, classifying them into five types: historical profoundness, information economy, leisure and rehabilitation, creative entrepreneurship, and high-end manufacturing. However, a unified and representative classification system for small characteristic towns in academia is lacking.

Based on the types of resources available, cultural and tourism towns can be subdivided into ecological towns, cultural towns, folklore towns, and art towns. Research by Duan (2019) classified cultural and tourism towns into three types: natural scenery, humanistic and landscape, and leisure and recreation, based on different resource endowments. Du (2020) studied cultural and tourism towns in Xi'an and classified them into ecological tourism type, rural tourism type, historical and cultural type, travel-residence type, Silk Road type, red tourism type, and characteristic industry type. Research by Zhou (2020) studied cultural and tourism towns in Zhejiang Province and classified such towns into

five types: heritage conservation, location support, culture/tourism exhibition type, cultural theme park, and resource support. Research by Zhang (2021) further analyzed the development of tourism towns based on the "+tourism" model, dividing them into "historical culture + tourism towns", "characteristic industry culture + tourism towns", "ecological agriculture culture + tourism towns", and "medical rehabilitation and health culture + tourism towns".

Scholars have further classified cultural and tourism towns based on the proportion of the tourism industry in the cultural and tourism towns. Research by Liang (2018) divided cultural and tourism towns into four major categories: tourism-driven type with tourism as the main driver, industry-driven type with tourism driven by characteristic industries, dual-industry-driven type with culture and tourism industries combined with characteristic industries, and real estate-driven type relying on real estate. By analyzing the first and second batches of national and some provincial cultural and tourism towns in China, research by Chen (2019) proposed that cultural and tourism towns could be divided into four categories: resource-oriented, tourism reception oriented, industry-oriented, and eco-livable oriented. Research by Xu (2021) divided cultural and tourism towns into three categories based on the degree of influence of the tourism industry: tourism-driven, tourism-dependent, and dual-industry-driven. According to the proportion and output value of cultural and tourism industries in the towns, research by Geng (2021) classified cultural and tourism towns into four types: tourism-led, single tourism-driven, dual tourism-driven,

and tourism-dependent.

### **2.2.2 Review of the Research of Development History and Characteristics of Cultural and Tourism Towns**

Initially, the most famous cultural and tourism towns were the six ancient towns in Jiangnan (regions south of the Yangtze River), Lijiang Ancient City and Pingyao Ancient City. The six ancient towns in Jiangnan are W Town, Zhouzhuang, Tongli, Luzhi, Xitang and Nanxun. In the beginning, the main purpose of tourists visiting the ancient towns was sightseeing. Later, as people's incomes increased, their demand for vacation and leisure gradually rose. Many sightseeing towns are transforming into leisure and vacation towns. The concept of "characteristic towns" was first proposed in Zhejiang Province and gradually became a hot trend for construction and development, and the strong promotion of cultural and tourism industry integration by China's policies and markets also robustly promoted the development of cultural and tourism towns.

After 2015, cultural and tourism towns began to transition to a mature stage, and cultural and tourism leisure resorts represented by Beijing Water Town and Nianhua Bay were put into operation. Research by Ma (2016) believed that the development of cultural and tourism towns could effectively promote industrial upgrading, transformation, and innovation. Cultural and tourism towns have broken the traditional construction model of small urban areas and have fostered innovative models that are likely to promote the healthy development of urbanization in the future (Zhang et al., 2018). In 2016, the Chinese government



began to announce the cultivation goals of small characteristic towns, among which the number of cultural and tourism towns ranked top on the list, and cultural and tourism towns entered a comprehensive development stage. By 2017, the market revenue scale of China's cultural and tourism town reached as high as RMB 45 billion.

Based on the application conditions for small characteristic towns in Zhejiang Province, the core and characteristic industries of cultural and tourism towns must be cultural and tourism industries. The other common indicators are the same as small characteristic towns. For example, in terms of size, cultural and tourism towns should have an area of 3-5 square kilometers; in terms of functions, they should be composite carriers of culture, tourism, industry, and community; in terms of form, they can be established as established towns, non-town non-district non-park space with clear functions, or clusters or gathering area. In the context of all-for-one tourism, Research by Ren (2018) believed that characteristic tourism towns should be planned and developed under the premise of following the concept of all-for-one tourism. Research by Xu (2019) emphasized that the development of cultural and tourism towns should leverage the strength of the government, society, and enterprises; at the same time, paying attention to the touring mindset of individual tourists and meeting different tourism needs. Research by Zhang et al. (2020) proposed that tourism is the leading force in China's cultural and tourism towns, and the core lies in culture. Research by Ling (2021) proposed that cultural and tourism towns are

characterized by outstanding regional cultural connotations, strong cultural interaction and experience, and adherence to ecological and environmental protection principles.

### **2.2.3 Review of Existing Problems and Development Patterns of Cultural and Tourism Towns**

With the rapid development of small towns, issues gradually emerged in all stages of the life cycle of cultural and tourism towns. For example, unclear positioning of characteristics, inadequate exploration of cultural connotation, lack of attention to regional coordination, and insufficient innovation awareness have led to homogenization. These problems impede the high-quality development of cultural and tourism towns, and scholars have analyzed such problems extensively.

Because of the low threshold and relaxed entry conditions, many problems continue to arise despite China's rapid development of cultural and tourism towns. Research by Liu (2020) categorized problems in developing characteristic tourism towns into planning and design, construction, and operation stages and attributed them to factors such as personnel, policies, and management. Research by Qian (2017) proposed that problems arise in cultural and tourism towns as tourism grows, such as lack of planning, serious homogenization, single tourism products and large space for industrial survival improvement. Research by Xu (2019) proposed that cultural and tourism towns face problems such as non-characteristic “characteristic” industries, over-

emphasis on scenic development, lack of in-depth integration of tourism functions and insufficient innovation of tourism products. Research by Tang (2022) pointed out that numerous problems and risks occur in cultural and tourism towns which include confused industrial system, vague planning and positioning, lack of experience in top-level design, high capital pressure, similar appearance, confused industrial development and failure to occupy high-end part of the industry chain. By summarizing the failed development cases of small characteristic towns in recent years, research by Luo (2022) suggested that problems in developing cultural and tourism towns mainly include confused positioning, non-compliance with land use, backward planning and design, detachment from local culture, vulnerability to market changes, and severe cash flow issues.

At the same time, scholars have also analyzed the existing problems of cultural and tourism towns from the perspective of specific research topics and cases. For instance, research by Zhao (2019) has pointed out that the problems in cultural and tourism towns are characterized by one-sided orientation, lack of a sense of belonging, and lack of distinctive features. Focusing on the signage system of cultural and tourism towns, research by Xu (2021) pointed out that the current system lacks innovation, systematization, cultural elements, management, and intelligence. Research by Yang (2019) found that red cultural and tourism towns lack red cultural space, distinctive red cultural style, and a sound red cultural industry. Taking cultural and tourism towns in Shandong

Province as an example, research by Feng (2019) summarized common problems such as insufficient development depth, lack of systematic integration, insufficient market vitality, lack of construction concept, insufficient infrastructure, and extensive planning. Research by Li (2020) studied towns in Yunnan Province and found problems such as insufficient feasibility studies, a single construction model, insufficient consideration of local economic development, repeated construction, serious waste of resources, lack of outstanding industrial characteristics, and severe homogenization.

Scholars further analyze the development model of cultural and tourism towns based on the problem they face. Research by Yu (2017) proposed that the town should focus on people-oriented management, with development emphasizing distinctive c, diverse businesses, improved and complete services, and livable ecology. Research by Wang (2019) identified three development models for cultural and tourism towns in China: tourism-driven, tourism + industry-driven, and tourism-dependent, to achieve synergistic development. Research by Zhao (2020) explored various angles to enhance the development model of cultural and tourism towns, including regional cooperation, functional zoning, diverse industries, and cultural leadership. Research by Yi (2022) explored that in the process of culture-tourism integration, small characteristic towns face problems such as a narrow development model, restrictions from urban-rural dual structure, a lack of linkage between distinctive industries, inadequate service facilities, and limited financing channels. Yi further

proposed expanded development models and operational strategies that extend characteristic industries, strengthens cultural inheritance and protection, innovates mechanism and system, and broadens financing channels, integrates investment and operations, and enhances the overall operation and management capabilities.

#### **2.2.4 Review of Research on the Factors Influencing the Development of Cultural and Tourism Towns**

The Ministry of Housing and Urban-Rural Development and other ministries have proposed five requirements for cultivating cultural and tourism towns: distinctive industrial characteristics; harmonious and livable environments; prominent cultural characteristics; convenient and complete facilities; and dynamic institutional mechanism. As the development level of cultural and tourism towns in China continues to improve, scholars have gradually shifted their research attention to factors influencing the high-quality development of cultural and tourism towns. The influential factors of cultural and tourism towns are mainly discussed internally and externally. Research by Na (2015) proposed that natural geographical environment, tourism resources, coordinated cooperation of residents, rational selection of market demand, traffic layout, and environmental impact are important internal factors driving the growth of tourism towns. External factors mainly include government regulation and planning, enterprise development and promotion, and tourism demand. Research by Ma (2015) considered the polarization effect, backwash

effect and diffusion effect generated in different development stages are the main internal factors influencing the industrial development of characteristic tourism towns. Taking Zen Town in Wuxi as an example, research by Wang (2016) proposed that the evaluation of the influential factors of small characteristic towns can be based on “characteristic theme”, “project location”, “town positioning”, “spatial layout” and “implementation procedures”. Research by Li et al. (2017) proposed that each location, industry, and operation accounts for a large proportion of the factors affecting towns. Research by Wu (2017) used the SPSS and POI data methods to analyze and propose three correlated influencing factors of tourism and leisure towns: transportation, industry format and ecology. Research by Zhang (2017) proposed that internal factors influencing the development of cultural and tourism towns mainly include their own resources and location conditions. Research by Xu et al. (2018) suggested that characteristic tourism towns should follow the five principles of high-level planning, in-depth industrial development, meticulous construction, stakeholders’ perspective, and effective management, with a focus on "people-oriented" development direction. In addition, research by Zhang (2019) proposed that the driving force of tourism small town industrial development includes the pull of tourism demand, the attraction of tourism supply, the promotion of tourism intermediaries, and the support of tourism development. Research by Tang (2019) regarded sustainable development as a critical dimension and constructed an indicator system based on 8 dimensions and 37

indicators, such as economic development, industrial level, growth capacity and cultural characteristics. Research by Yi et al. (2020) summarized the key factors influencing the integration of the film and television culture industry with the development of cultural and tourism towns: first-order factors are basic elements, core elements, traditional elements and derivative elements, while second-order factors are entertainment project development, regional support policies, cultural and ideological progress, catering development, consumption derivatives, transportation construction, technology and talent incubation, resting project development, sightseeing project development, history and culture, tourist attraction development, R&D production, sales promotion, film and television creation, commercial development, talent management and incubation, and tourism accommodation. Using a grounded research method, research by Yu et al. (2020) studied 276 characteristic towns and constructed a model for creating mechanisms in China's characteristic towns, including value chain enhancement and competition mechanism, composite power guarantee mechanism and multiple objective balance mechanisms. Taking Southern Song Dynasty Imperial Palace Town in Hangzhou as a case, research by Zhou (2020) used the statistical analysis software SPSS19.0 and IPA analysis to construct a structural model and index system for evaluating tourist satisfaction in cultural and tourism towns from the perspectives of the organizational image, perceived quality, perceived value, tourist dissatisfaction and tourist loyalty. Based on the coupling of cultural and creative products and the tourism attractiveness of

small characteristic towns, research by Zhao (2021) analyzed the factors affecting the competitiveness of cultural and tourism towns based on the coupling of cultural and creative products and characteristic town tourism attraction. They found that the cultural component of creative products had the highest proportion, followed by creativity, practicality, commerciality, and aesthetics. Taking Guergou Characteristic Town in Li Town, Aba Prefecture, as an example, research by Liu (2021) identified the influencing factors of “strengthening talent training, tapping characteristic culture, preserving hot spring resources, integrating primary, secondary and tertiary industries organically, and improving supporting facilities”. Research by Yang (2021) took Rose Town as an example and proposed that the main factors of cultural and tourism town planning should focus on “clear specificity, top-level design, internal product coherence, and emotional connection with people”.

In summary, while there have been numerous studies on the factors that influence and the evaluation systems for the development of cultural and tourism towns, most of these studies have relied on cross-sectional information from selected cases as the basis of analysis. They have ignored the influence of the life cycle of cultural and tourism towns, which, as tourism products, affect the high-quality development of the town. The influence factors and development priorities of cultural and tourism towns may vary at different stages of their development. Therefore, this paper primarily analyzes the selected cases based on the Life Cycle Theory to address the gaps in the existing



research.

### **2.3 Review of the W Town model**

After nearly 20 years of conservation and development, W Town's tourism industry has made significant progress in addressing the challenges of tourism development and operation in China's ancient towns with its unified property rights and whole-scale development model. It has become one of the benchmark projects for the development and conservation of ancient towns in China and formed the unique W Town model, which has received continuous and extensive attention from Chinese tourism scholars. According to the research of China Index Research Institute, the development model of W Town is government-led and has experienced three main development stages: sightseeing, resort and leisure, and cultural integration after continuous updating.

Research by Cui (2017) proposed that the success of W Town is based on a new development model, which has led to its upgrading and transformation. This model is established by applying possessed advantages and professional management methods, with sufficient preliminary investment and correct operational orientation. Research by Zhu et al. (2012) summarized the W Town model as excessively commercialization controlled, folk style preserved, and uniqueness presented; unified management by tourism development companies and tourism industry chain; "planning before development" model; and increased marketing and publicity. Research by Zheng (2012) conducted an in-depth analysis of the W Town model from four dimensions: property rights,

product, operation, and community participation. Additionally, research by Wang (2018) provided guidance for the tourism development of ancient towns in Jiangsu Province by summarizing the model of the W Town from five aspects: unified planning and improvement and exploration of cultural heritage, integration of "ancient and new" tourist attractions with the times to enhance the experience, focus on film and television marketing and promotion, meticulous management, and diversified and composite development model to accelerate the transformation and upgrading of the tourism industry. Research by Dong et al. (2018) believed that the W Town model had achieved the upgrading and transformation of tourism in ancient towns and provided a reference for the sustainable development of these towns. They summarized the W Town model from five aspects: diversified products, business modes and profit models, including sightseeing tourism + leisure and vacation + business exhibition and convention + cultural experience. The model also includes comprehensive infrastructure transformation and overall style protection, unified property rights development, and management, combined with both foreign and local professional management: content providers + channel providers + capital + government. It also includes community reconstruction and partial hollowing out.

Research by Zhou (2018) proposed that the W Town model is centered on "overall property right development, composite and diversified operation, equal emphasis on leisure and business, and comprehensive asset appreciation",

ultimately achieving the high-quality construction and operation of integrated cultural and tourism destinations. Research by Bai (2020) proposed that under the W Town model, W Town has become an international tourist destination that integrates sightseeing, tourism, vacation, business meetings, and theatrical performances. From the perspectives of conservation, development and sustainability of architecture and facilities, the W Town model can be interpreted from five perspectives: restoring the original style of the ancient town, preserving historical and cultural heritage, avoiding excessive commercialization, humanizing, standardizing management, and new development concepts. Research by Pan (2021) held that the overall scenic development model of W Town's Dongzha and Xizha scenic areas is unique for tourism development in ancient towns, which has set it apart from many other water towns in the surrounding area. With the W Town Theatre Festival, World Internet Conference, W Town Grand Theatre and Mu Xin Art Gallery, W Town have further realized its transformation into an international cultural town.

Some scholars have studied the W Town model from different research perspectives. Based on the Life Cycle Theory of tourist destinations, research by Zhou et al. (2004) proposed the "W Town Model," which emphasizes strategic management, the establishment of development and management organizations, consistent marketing concepts, creative product planning, and the establishment of a long-term image and strategic development goals. Zhao (2017) interpreted the W Town model from the perspective of all-for-one

tourism and summarized the W Town development model integrating "tourism+", "IP+", "Homestay +" and "Science and Technology innovation +". Zhang (2021) explored the W Town model from the perspective of maintaining traditional culture, emphasizing the development of cultural resources, building a cultural circle of ancient towns, applying a composite development model based on the W Town style, fully integrating W Town's cultural resources, improving the town's environmental quality by focusing on the urban spatial structure, and paying attention to talent development and scientific and rational financing. Zhang et al. (2021) analyzed the W Town model from the perspective of a theme park, using the theoretical framework of “Disneyfication” to summarize the model’s five main characteristics: thematic features influenced by both local cultural traditions and modern commercial trends, mixed consumption with compound profiting model and night-time economy, branding and moderate commercialization of W Town products, performance labor features with emotional labor and authentic representation on stage, and a unique feature of unified property rights.

## **2.4 Review of Research on High-Quality Development of Cultural and tourism towns**

### **2.4.1 Review of Research on the Connotation of the Concept of High-Quality Development**

The term “quality” in the field of physics refers to the property of an object that can be measured or quantified. On the other hand, “Quality” in the field of

economics primarily reflects the degree of satisfaction that consumers obtain when consuming a product or service, thus indicating the value of the product or service. High quality refers to products or services with superior quality or performance that can satisfy consumers' needs to a great extent and thus provide them with a high level of satisfaction. The term "development" reflects a transformational process in which things gradually become more complex and advanced. Therefore, high-quality development can meet the needs of consumers to the maximum extent, which is in line with future development trends.

High-quality development is a new expression first introduced in the report of the 19th National Congress of the Communist Party of China. The report clearly stated that China's economy has transitioned from a phase of rapid growth to a stage of high-quality development. In *Target, Requirements and Priorities of High-Quality Development in China*, research by Ren (2018) pointed out in *"The Target Requirements and Priorities of High-Quality Development in China"* that high-quality development can meet people's aspirations for a better life and focus more on human needs, reflecting a new development philosophy that pays more attention to innovative, coordinated, green, open, and shared development. As the economy shifts to high-quality development, transforming the development model, changing the growth driver, and optimizing the economic structure have become important tasks at the current stage. High-quality development aims to meet people's growing needs

for a better life, takes the five development concepts “innovative, coordinated, green, open and shared” as the fundamental principles, and follows the requirement of high quality, which is a more open development (Yang, 2021). Research by Wang (2018) suggested that China's high-quality development can help to enhance residents' aspirations for a better life, improve quality of life, enhance efficiency, promotes equity and realize benefit sharing. There are three basic requirements for high-quality development: achieving extreme specialization, achieving overall coordination, and embodying distinct characteristics. In addition, high-quality development should include four abilities: the ability to create value, the ability to innovate and adapt, the ability to have a return on investment and the ability to build positive feedback (Li, 2020). According to research by Wang et al. (2020), the concept of high-quality development contributes to economic transformation, improves efficiency, promotes coordinated development and helps to improve the quality of life.

High-quality development, as a comprehensive evaluation, requires a comprehensive consideration of multiple indicator systems to objectively reflect the level of economic development. Currently, there is no unified evaluation standard for high-quality development in the academic community. Based on current research results, the evaluation indicator system for high-quality development mainly includes the following views. Research by Lü (2018) proposed that the evaluation indicator system for high-quality development should cover three types of indicators: the first type reflects economic

development efficiency and industrial structure; the second type reflects the improvement of production quality and people's happiness; the third type reflects economic vitality. Additionally, research by Yin (2018) proposed from the perspective of the modern economic system as the basic framework that a five-dimensional system including total factor productivity, innovation and creativity, financial system efficiency, quality of human resources, and market allocation mechanism can be constructed to measure high-quality development. Research by Liu (2018) proposed a five-dimensional system including structure optimization, output efficiency, technological innovation, open cooperation, and green ecology, with more than 30 indicators. Zhao et al. (2019) divided the high-quality development indicator system into three levels: the first level includes six indicators, namely innovative development, green development, shared development, open development, coordinated development, and quality and efficiency improvement; the second level sets 23 second-level indicators according to the specific performance of the first-level indicators; the third level further decomposes each second-level indicator, with a total of 65 third-level indicators, to construct the indicator system for China's high-quality development. Xu et al. (2019) proposed a six-dimensional system including technological innovation, development vitality, sustainable stability, layout optimization, living improvement, and green friendliness, with the core of transformation of development mode. Feng (2020) further improved the scientificity, accuracy, and stability of the high-quality development evaluation

indicators by dividing the second-level indicators based on the comprehensive, innovative, coordinated, green, open, and shared first-level development indicators, and further dividing them into 46 third-level indicators based on their functions.

#### **2.4.2 Review of Research on High-Quality Development of Cultural and Tourism towns**

As China's tourism industry completes its transformation from "nonexistent" to "existent" in terms of quantity, it has entered a new era of leisure travel facing new opportunities and new challenges. However, the current state of the tourism industry in China still faces problems such as insufficient supply, extensive growth, and sluggish upgrading. With the arrival of the high-quality development stage, the focus of tourism development has shifted to improving quality and increasing efficiency in management technology and other aspects. Cultural and tourism towns are essential carriers of high-quality tourism development with a positive impact on promoting high-quality tourism development. Guiding cultural and tourism towns towards high-quality development is beneficial for promoting the transformation and upgrading of tourism and growth driver shifting. Research by Tian (2018) proposed that the philosophy of high-quality development is a new concept with the goal of achieving high-quality tourism development. Li et al. (2022) developed an evaluation index system for the high-quality development of tourism economy by focusing on its connotation. The system includes five



subsystems of "innovation, coordination, green, openness, and sharing," as well as 25 specific measurement indicators. The high-quality development of cultural and tourism towns refers to the upgrading of the quality, specification and level of the existing tourism products or services in these towns, providing tourists with more stable and high-quality tourism products and services. At the same time, it enhances the interaction and experience of tourists bringing them a greater feeling of freshness, satisfaction, and a sense of belonging, thus promoting long-term healthy and stable tourism development. At the same time, it achieves diversified development of the product chain, markets, resources, and services, improving the modern tourism quality system. Some scholars have explored the path of high-quality development of cultural and tourism towns. Research by Zhao et al. (2018) proposed the path of high-quality development of cultural and tourism towns from two dimensions: precise positioning and mass participation. An (2019) proposed that building the town's brand is an important way to promote high-quality development. Some scholars further clarify the significance of the high-quality development of cultural and tourism towns. Research by Zhao et al. (2019) proposed that high-quality development can meet different tourism needs, enhance tourism market interests, optimize economic and industrial structures, and promote industrial and economic development. Research by Zhang (2022) pointed out that in the context of high-quality development, the focus of cultural and tourism towns lies in: ① improving the overall awareness of cultural and tourism towns; ② cultivating

the brand value of such towns; and ③ attracting high-end tourists. The high-quality development of cultural and tourism towns should follow the concept of "innovate, coordinated, green, open and shared" development, identify and comply with the basic requirements, technical standards, and development path of high-quality development, and devote to increasing the core competitiveness and economic innovation of cultural and tourism towns from the perspectives of construction, operation, management, service, and product.

In summary, this paper defines high-quality development within the scope of the study of cultural and tourism towns driven mainly by tourism. Cultural and tourism towns are an integral component of the tourism industry, and their high-quality development is an innovative model of development that provides a comprehensive assessment of the tourist economy and industrial structure. The evaluation of high-quality development in cultural and tourism towns will focus on quality and efficiency. The assessment of high-quality development should examine not only the direct outcomes of tourism development but also consider the actual impact on economic and industrial structure, as well as social equity, among other aspects. At the same time, high-quality development should also be reflected in three aspects: achieving extreme specialization; achieving overall coordination; and embodying distinct features.

## **2.5 Review of Related Theoretical Studies**

### **2.5.1 Product Life Cycle Theory**

The concept of "Product Life Cycle" was originally used in biology to

explain the entire process from birth to death of living organisms. Later, it was introduced into the fields of marketing and economics. As a concept in marketing, the product life cycle theory is based on the theories of population dynamics and innovation diffusion and was proposed by Zhang (2006). It refers to the entire process from the "emergence" to the "death" of a product. Numerous scholars at home and abroad have conducted in-depth research on Product Life Cycle Theory. Raymond Vernon (1966), a professor at Harvard University, first proposed the product life cycle theory in his book "*International Investment and International Trade*". He proposed that products possess five stages: Development, Introduction, Growth, Maturity and Decline, a process that a product must pass through. Canadian geographer Butler (1980) further proposed nine Tourism Area Life Cycle Models focusing on the stages of exploration, involvement, development, consolidation, stagnation, decline or rejuvenation, with each stage marked with unique characteristics.

Chinese scholar Xu (1997) proposed that the life cycle of tourism products is an objective reality, which means that any tourism product must go through the evolution process of "emergence-growth-decline". Based on the Product Life Cycle Theory, research by Chinese scholars Guo et al. (2004) proposed the evolutionary process of customer demand domain, functional domain, structural domain, process domain, manufacturing domain and user's domain. Research by Zhuang and Zheng (2006) used Product Life Cycle Theory to categorize the life cycle of the ancient town of Zhouzhuang into involvement stage,

development stage and maturity stage. Based on the eco-economic system, research by Lin et al. (2007) categorized the product life cycle into five major stages: resource stage, manufacturing stage, marketing stage, use stage, and disposal stage. Based on product marketing strategy, Li Zhou (1997) pointed out that corresponding marketing strategies should be developed based on the concept of tourism product life cycle. Based on project management, Zheng (2017) divided the whole life cycle of cultural and tourism projects into five stages: initiation stage, planning stage, implementation stage, control stage and closure stage. Research by Zhao (2019) classified the product life cycle of ecological PPP projects into three stages: investment decision-making stage, construction stage, and operation and management stage. Research by Zhan and Shi (2021) divided the life cycle of sports and leisure towns into four stages: Incubation stage, Growth stage, Maturity stage and Decline stage. Research by Tang (2005) proposed that by investigating and analyzing the main factors affecting each stage of the product life cycle, it is possible to extend the product life cycle of a tourist destination through corresponding strategies.

Based on the above research results, the Product Life Cycle Theory can be generally divided into four stages: Incubation, Growth, Maturity, and Decline. In the Incubation stage, tourists have a vague understanding of the product, and there is still a large untapped market for the product. In the Growth stage, the product has received good market feedback and enters the stage of high growth in demand. In the Maturity stage, competitors enter the market, and the market

tends to saturate, so the product needs to be further updated to gain market share. In the Decline stage, the product may be abandoned by the market and disappear entirely from the market, ending its life cycle. Cultural and tourism towns should continuously seek product innovation and iteration to stimulate and retain tourists to delay or halt the arrival of the decline stage as much as possible.

### **2.5.2 Stakeholder Theory**

The Stakeholder Theory originated in the Western management academia. In the 1960s, the traditional theories of “shareholders primacy” and “capital hired labor” in corporate models became obsolete against the backdrop of increasing technological levels and decreasing capital influence. Therefore, in order to improve the traditional theory of business models, the academic community proposed the stakeholder theory, whose core concept is to optimize balance and comprehensively consider the core demands of all stakeholders, fully understand, and respect all individuals closely related to the organization (Li, 2022). The stakeholder theory has a significant impact on the transformation and development of corporate governance models and management methods.

Stakeholder Theory was developed by Harvard scholar Dodd in 1932, who suggested that companies must consider the interests of stakeholders such as consumers, communities, and employees. In 1963, the Stanford Research Institute first proposed the stakeholder theory, suggesting that stakeholders have a close relationship with organizations. Based on this, many scholars have further defined the stakeholder concept from different research perspectives.

In the *Strategic Management: A Stakeholder Approach*, Freeman (1986) defined stakeholders as “any group or individual that affects or is affected by the organization”; when formulating the development plan, enterprises should fully balance the conflicting and contradictory interests between the enterprise and its stakeholders and balance the interests of each stakeholder. With the development of economic globalization and the increasingly fierce competition among enterprises, the study of Stakeholder Theory has extended to different fields such as politics, economics, society, urban development, and tourism. Research by Clarkson (1995) introduced specialized investment factors, dividing stakeholders into six categories: government, industry, suppliers, demanders, shareholders, and the public. Research by Mitchell (1997) summarized 27 representative concepts and proposed that stakeholders' level can be determined based on the legitimacy, power, and urgency criteria. Research by Sigy (2002) further subdivided stakeholders into three major types. The first type is internal stakeholders, which mainly include company employees, management personnel, enterprise departments, and the board of directors. The second type is external stakeholders, which mainly include shareholders, suppliers, creditors, communities, and the natural environment. The third type is distant stakeholders, which mainly include competitors, consumers, media, government agencies, voters, and unions. Research by Chinese scholar Li et al. (2012) proposed that government agencies, enterprise operators, enterprise shareholders, enterprise employees, long-term cooperative

suppliers and distributors are the key stakeholders of the enterprise in terms of stakeholder coordination. Research by Zhang et al. (2016) proposed that Stakeholder Theory should organically integrate corporate social responsibility with governance; a model with the enterprise, government, market and society as the main subjects should be established. Research by Zhou (2018) proposed that stakeholders mainly include villagers, local governments, village committees, developers, and tourists. When studying the mechanism of traditional village protection, Additionally, research by Song (2018) classified stakeholders into four categories: government, residents, social organizations, and social individuals. Research by Wang (2019) pointed out that stakeholders include the government, local residents, operators, and tourists. Based on the perspective of field specialization, Research by Cai (2021) divided stakeholders into three categories: administrative field specialization, market field specialization, and social field specialization, and further categorized them into primary subjects, secondary subjects, and field roles.

Research by Michael & William (1976) proposed that any enterprise consists of stakeholders, which form the essence of the enterprise. Research by Jawahar & McLaughlin (2001) argued that enterprises should aim to create value for stakeholders and that the residual control and the right of claim of the enterprise should be reasonably allocated based on the capital provided by each stakeholder. Different stakeholders have varied interest requirements, significant differences in the degree of importance and the degree of interest

realization.

### **2.5.3 Theory of Scenes**

Initially, "scene" referred to the scenes in drama and film, referring to all actions that occur in a specific time and space, or the visual elements that make up a specific space (Chen 2022). Later, due to its metaphorical characteristics, the concept gradually expanded to fields such as sociology, marketing, psychology, and communication (Xi, 2022). Scenes are the sum of the interconnection between people and the surrounding landscape and are composed of hard elements, such as the place and scenery, and soft elements, such as space and atmosphere (Li, 2022). The Theory of Scenes was originated from the Dramaturgical Theory proposed by the Chicago School sociologist Erving Goffman in "*The Presentation of Self in Everyday Life*", suggesting that individuals play different roles in response to different scenarios and social contexts. The New Chicago School, represented by Terry Clark, first proposed the theory of scenes, emphasizing the meaning of scene, including common interests in specific activities, the characteristics of a particular location, and the aesthetic significance of a certain place. The theory is oriented towards consumption, with the entertainment and leisure facilities as its carrier, and culture as its expression, further reshaping the renewal and development path of post-industrial cities. In the book *No Sense of Place: The Impact of Electronic Media on Social Behavior*, Meyrowitz proposed that Medium Theory is the same as the Theory of Scenes, suggesting that both location and media jointly



influence people's mode of interaction and the mode of dissemination of social information. In *"Age of Context: Mobile, Sensors, Data and the Future of Privacy"*, Robert Scoble and Shel Israel further enriched the Theory of Scenes by proposing the concept of scene in the era of the Internet. Based on this research, scene creation is the combination of various consumer entertainment and other facilities to form a specific scene to achieve attraction effect. Research by Peng (2015) believes that "scene is a new element of mobile media in the era of mobile communication, following content, form, and sociality." Research by Yan (2018) proposes that scene is a digital context that is based on information and media technology, forming multidimensional interactions among people, environment, and machines. Fu et al. (2021) argue that the greatest contribution of scene theory is to break the traditional dualistic methodology of subject-object opposition.

As research on scene creation deepens, the studies of scenes have expanded to other cultures and lifestyle aspects (Wen & Dai, 2021). Research by Straw (2006) formally incorporated the Theory of Scenes into cultural studies. Research by Lauras et al. (2015) proposed a scene meta-model, which identified the constitutive elements of scene as background, objective, behavior and partner, further laying the foundation for the Theory of Scenes. In practical application, the influence and attractiveness of scenes resulting from cultural influences can be taken as an important influencing factor for urban economic and social development. Research by Yang (2021) proposed that scenes are user-

centered, focus on different demands such as time and culture and enhance users' comprehensive perception and experience with diversified interaction mechanisms. Research by Wang Tao et al. (2021) further proposed that the scene theory, as a dynamic mechanism, deeply reveals the intrinsic reasons for industrial transformation and land renewal.

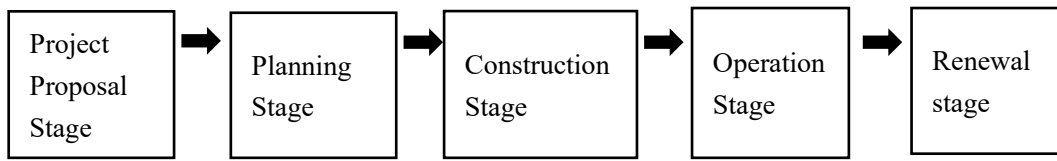
## **Chapter 3: Research on the Dynamic High-Quality Evolution of China's Cultural and Tourism Towns**

Through collecting and interpreting the data on cultural and tourism towns in China, this chapter analyzes different stages of the life cycle of cultural and tourism towns. It compares the development evolution of such towns while analyzing the hindering factors of the high-quality development in each stage. Based on this analysis, this study combines Organic Renewal Theory, Stakeholder Theory, Theory of Scenes, and industry practice observations to summarize the characteristics of high-quality development of cultural and tourism towns.

### **3.1 Analysis of the Life Cycle Evolution of Cultural and Tourism towns**

Based on the review of the Life Cycle Theory and industry practice summarized in the previous section, this chapter categorizes the lifecycle of cultural and tourism towns from the product perspective into six stages: project proposal, planning, construction, operation, decline and renewal. The high-quality development of cultural and tourism towns lies in maintaining the sustainable operation of the project, reducing the probability of the project entering the decline stage and retaining the vitality of the cultural and tourism project. Therefore, based on the basic requirements of high-quality development, this study divides the life of high-quality cultural and tourism towns into five cycles: project proposal, planning, construction, operation, and renewal (Hu, 2019).

**Figure 3-1 Life cycle stages of high-quality development of cultural**



**and tourism towns**

Prior to the planning and construction of cultural and tourism towns, the project is proposed based on the assessment of the development value and the feasibility analysis, which is the first stage of the life cycle of the cultural and tourism town laying the foundation of the project implementation with foresight and guidance (Yang, 2022). In the planning stage of cultural and tourism towns, convenient location, sufficient local cultural resources, or a large market demand become important factors to be considered. This stage requires full clarification of the town's cultural resources and market demand, as well as the assessment of resources and market. In the construction stage, it is necessary to ensure proper alignment with the planning content and fully mobilize capital, technology and talents while balancing the relationship between stakeholders. In the operation stage, a professional team is needed to manage the town. Since this stage is relatively long, the operation model needs to be improved and adjusted continuously to ensure active industries.

After a period of mature operation, as consumers become more familiar with the town's products, the sense of novelty gradually decreases, and the product will tend to enter a period of decline. Managers of towns with high-

quality development will keenly detect this trend and lead the town to enter the renewal stage for rejuvenation (Zhao, 2021). In the renewal stage, to avoid reverse replacement and thus decline, it is necessary to gain real-time insight into the town's development environment, adjust development strategies in a timely manner, actively respond to external disturbances and rearrange the town, create new products, and adjust the management model.

### **3.2 Research on the Hindering Factors of High-Quality Development of Cultural and Tourism Towns Based on Life Cycle Stages**

With the support of the government, China's cultural and tourism towns have achieved satisfactory achievements despite their relatively late development. However, as these towns continue to develop rapidly, various issues have arisen and are commonly observed in most cultural and tourism towns. From the perspective of the life cycle of a town, this paper summarizes the factors that hinder the development at each stage of the life cycle based on practical experience and data analysis of several small towns in China. Chapters four and five will refine the influencing factors by examining case studies of W Town and conducting grounded analysis of Beijing Water Town, Nianhua Bay, and Hengdian. The paper will also summarize the initiatives taken by excellent cases to mitigate these hindering factors.

#### **3.2.1 Project Proposal Stage**

##### **(1) Misjudgment of Development Value**

The main problem in this stage is the development team's misjudgment of

the development value of cultural and tourism towns. The project proposal and implementation of cultural and tourism towns require research and judgement on the development value by sorting out and analyzing the innate and acquired factors such as location and transportation, landscape and topography, resource endowment, economic structure, market conditions, policy orientation, and government coordination ability. This will help to determine whether the town has the potential for certain development value. Some towns may lack the resources needed to develop into cultural and tourism towns due to inherent resource deficiencies, poor market reliance, low traffic convenience, and a lack of government coordination ability. Blindly positioning the development orientation and misjudging the development value can directly affect its industrial positioning and subsequent development in the planning stage.

## **(2) Inaccurate and Incomplete Market Investigation**

Market investigation encompasses customer group analysis, consumer demand, market analysis, and other relevant factors. In the project proposal stage of cultural and tourism towns, determining the overall development and image positioning is crucial, and an inaccurate or incomplete market investigation can directly lead to town positioning deviation (Liu, 2020). The town's positioning relies on its creation and development orientation. The town may lack tourist attraction if the overall positioning and image positioning are overly exaggerated, but the products are lackluster. Blindly copying successful experiences has led to detachment from reality and serious deviations in

positioning for some cultural and tourism towns.

### **3.2.2 Planning Stage**

#### **(1) Unreasonable Design of Asset Structure**

In the planning stage, it is crucial to have a comprehensive understanding of the market economic laws and the requirements of asset elements to achieve a reasonable market-oriented allocation. This involves establishing a clear asset management goal based on the existing capital, conducting top-level structure to determine the asset structure design based on assets, market, and government factors, clarifying the goals of asset management, and building an asset management structure (Huang, 2018). However, the planning of cultural and tourism industries in some towns fails to integrate the existing assets and study the rationality of the project content, or fully consider the operation and maintenance of the project after completion regarding asset management. Such inability hinders the subsequent project implementation and operation, resulting in an imbalance between the input of heavy assets and the asset operation with high liabilities and low output.

#### **(2) Improper Handling of Stakeholder Relationships**

According to the Stakeholder Theory, the ability to meet the interests of various stakeholders is crucial to the business development of the enterprise. The stakeholders of cultural and tourism towns often involve the ownership of the assets of the town, the fulfilment of corporate social responsibility, the livelihood of the native residents and the environmental protection of the local natural resources. The responsibilities and rights of all stakeholders should be considered at the planning stage. However, some town developers only

prioritize the interests of business operations and fail to give enough attention to government interests, social functions, and the needs of local residents. This can lead to issues, such as controversies and lack of real-life experience, arising after the construction, and even the ineffective operation of merchant enterprises due to improper relationships with residents (Yang, 2021).

### **(3) Lack of Advance Design of Industrial Operation**

The high-quality development of cultural and tourism towns is inseparable from the sustainable development of the industry during the planning stage; it is crucial to employ advanced operational and carry out integrated design of various models such as business, product and operation models of cultural and tourism towns while considering the market and government functions. Unfortunately, some towns lack this advance thinking and implementation of a whole-process business model in their planning stage, resulting in making decisions based solely on subjective opinions and ideas. Additionally, some cultural and tourism towns capitalize on their tourism resources and use them as a lure to engage real estate development under the guise of “leisure” and “rehabilitation healthcare” projects, leading to insufficient long-term development momentum and eventually becoming an “empty city”.

### **(4) Low-degree Exploration of Local Cultural Resources and Weak Market Competitiveness**

Some regions lack in-depth knowledge of local history and culture, which hinders them from highlighting the regional cultural characteristics when



planning and designing cultural and tourism towns. Consequently, they fail to fully explore cultural resources, leading to cultural influences developing in width rather than depth (Liu, 2020). This has directly caused blind imitation of some cultural and tourism towns in planning and design, gradually creating a similar experience in different towns, resulting in aesthetic fatigue among consumers, and further exacerbating serious homogenization. These towns lack uniqueness. In some cases, local governments closely follow the policy but fail to study the focus and objectives of the cultural and tourism town. They blindly apply the few successful cases in China, and simply equate cultural and tourism towns with tourist attractions and industrial parks, leading to underutilization of local resources and serious decoupling from the local industry. This goes against the original purpose of building a cultural and tourism town.

##### **(5) Insufficient Scene Design Ability and Empty Consumption Scene**

During the planning stage, scene design should be based on local culture, incorporating elements at different levels, such as culture, time, space, and business. These elements can be reflected in landscape design, architecture design, interaction design, and business design. However, the scene design ability of some cultural and tourism towns is insufficient, lacking uniqueness and innovation. As a result, they are unable to show life and consumption scenes based on local culture or to showcase the unique local characteristics of cultural and tourism towns to consumers (Wang, 2021). On the other hand, some towns overly create fake, exaggerated, and empty scenes, neglecting details, failing to

provide meticulous cultural and artistic experiences, and ultimately presenting consumer scenes with empty content, rough details, and low attractiveness.

### **3.2.3 Construction stage**

#### **(1) Failure to Effectively Improve Public Infrastructure**

One of the main goals of creating a cultural and tourism town is to improve infrastructure, living environment and social benefits. Developed infrastructure is particularly indispensable for the environment enhancement and service quality improvement of cultural and tourism towns (Liu, 2020). However, most cultural and tourism towns are in the suburbs of cities, and many operators tend to reduce expenses by ignoring the infrastructure construction. Eventually, public infrastructure cannot be improved in a timely and effective manner, which greatly reduces transportation convenience, the comfort of the environment and the integration of residents and visitors.

#### **(2) Mismatched Construction and Planning Design**

The construction of cultural and tourism town projects cannot be treated as ordinary construction projects. The construction of such towns involves subsequent operations and products; thus, requiring the construction process to be controlled and supervised by professionals to ensure that the construction matches the planning and design (Zhan, 2017). Some towns outsource the construction to teams unfamiliar with tourism project operations, resulting in the failure to build according to the planning and design logic, subsequently affecting the overall project operation.

### **(3) Failure to Balance the Relationship with Local Residents**

During project construction, the contractor needs to balance the relationship with local residents. However, some towns ignore the vital interests of local residents and fail to provide proper relocation and compensation for their loss of interest. The land used in the town may cover arable land, forest land and other lands of this attribute, which are illegally leased for secondary development. It intensifies the conflict between developers and local residents, delays the project's progress and increases capital costs, which is not conducive to sustainable development. In some small towns, developers are eager for quick success and profit, pursuing the project's progress but ignoring the protection of the ecological environment, which seriously damages natural resources.

### **(4) Inadequate financial, technical and personnel security**

Optimizing and integrating tourism resources is a prerequisite for healthy and sustainable development. However, in developing cultural and tourism towns, some regions fail to conduct optimal resource integration, making it difficult to effectively tap the potential of capital, talent, technology, and other resource advantages (Zhang, 2022). The construction scale of cultural and tourism towns is large, and the adequacy of funds plays a crucial role in determining the degree of construction and improvement of the project. Some towns rely mainly on financial allocation, and follow-up construction funds may not be fully guaranteed as there are limited funds the government can mobilize. Furthermore, social entities involved in cultural and tourism towns are mainly

real estate developers, and in addition to revenue projects, large-scale infrastructure needs to be built. In such cases, it is challenging for the town to attract social capital, significantly limiting its development, and potentially leading to project termination. In some regions, past experiences are blindly copied without the use of advanced technologies such as big data and intelligent manufacturing, resulting in low-efficiency construction. Constructing cultural and tourism towns requires a large pool of high-quality talents for tourism area planning, construction, and building structure design. However, in remote areas, retaining talent is difficult, leading to a shortage of skilled labor.

### **3.2.4 Operation Stage**

#### **(1) Lack of Professional Operation Team**

The operation and development of cultural and tourism towns require a professional operation team to ensure project sustainability. However, some cultural and tourism towns outsource the operation to less-professional teams after completion, and these teams cannot control the town's operation from the perspective of tourists, resulting in declining project revenue in later operation. At the same time, the successful operation of such towns is closely related to the resident businesses and enterprises. Without a professional operation team responsible for attracting investment, the vacancy rate of stores will be too high from the beginning, resulting in the lack of confidence of resident businesses, which will aggravate the situation of attracting new investment. The high vacancy rate worsens the developers' ability to recover funds, compressing the

promotion costs, which will seriously affect the town's attractiveness. In addition, the low number of visitors combined with high operating costs will deteriorate the situation for the developers to recover funds in a timely manner, eventually leading to a break in the capital chain. In the long run, the inability of the operation team to recover funds will worsen the town's operation, forming a vicious circle that negatively impacts society. Furthermore, the lack of a professional operation team will lead to problems in visitor services. A non-standardized tourism service system will seriously affect the visitor experience, greatly reducing the town's tourist volume.

## **(2) Insufficient Industrial Dynamics and Poor Visitor Experience**

After a cultural and tourism town enters a stable period of development, failure to update its products in the face of external factors can lead to a lack of momentum in future tourism development (Rong, 2022). The profit model of cultural and tourism towns primarily comes from leisure services such as admission, catering, accommodation, and shopping income, which need to be built on rich resources. If the resources are no longer unique or are destroyed, the town's tourism industry will lose its advantage. Failure to upgrade tourism products to meet market demand will lead to a decline in the cultural and tourism town's prosperity. Negligent management of the industry may lead to vicious competition, impacting the tourism industry's healthy development. Moreover, cultural and tourism towns only cover an area of 3-5 square kilometers, making it difficult to introduce a complete industrial chain.

Independent development of the town will limit the development force, lowering tourists' experience and resulting in a gradual loss of its attractiveness to tourists.

### **(3) Single Profiting Model and Blocked Sales Channels**

The entrance fee has become the main source of revenue for most cultural and tourism towns; however, with the continuous improvement of living and economic standards, sightseeing-type scenic areas no longer meet growing consumer demands. The “ticket economy” model can hardly guarantee the rapid and efficient development of the town, and the economic benefits brought by a single profiting model may not be equal to the daily costs. The town will either gradually come to an end or make additional investments to upgrade, leading to passive development, which will harm stakeholders' interests and local economic development. Due to different levels of economic development and residents' consumption levels, some towns are still stuck in the traditional single sales channel, making it difficult for tourists to get timely and effective information on relevant products and content renewals, resulting in incomplete understanding of cultural and tourism towns. This results in uneven distribution of tourists, low customer stickiness, and failure to attract the attention of tourism consumers.

### **(4) Weak Brand Awareness and Single Brand Marketing**

Establishing a brand image is an important manifestation of cultural and tourism towns' differentiated development, helping them stand out from same-

type tourism markets and form a unique cultural identity (Zheng, 2017). Creating a differentiated brand positioning and formulating a corresponding brand marketing strategy are crucial during the operation stage. Weak brand awareness of some cultural and tourism towns hinders brand construction and efficient response to market changes, leading to a backward and single brand marketing approach. These factors restrict the smart and information-based development of the town's tourism products, leading to the inability to gather attention quickly and hindering efficient brand promotion.

### **3.2.5 Renewal stage**

#### **(1) Insufficient Richness and Innovation in Content Renewal**

In the renewal process of cultural and tourism towns, it is necessary to innovate and upgrade the tourism content, tourism products and management model and achieve fundamental content and product renovation through planning and information exchange with the local government (Luo, 2022). In this process, it is necessary to find the right product positioning, boldly innovate and upgrade and improve the product structure while maintaining the same core internal driving force of culture. In contrast, some cultural and tourism towns only make small adjustments, neither effectively enriching and upgrading the existing contents nor making bold innovations for future products, resulting in a continuous low product competitiveness and renewal failure.

#### **(2) Failure to Adjust the Management Model in a Timely Manner**

After the cultural and tourism town enters the renewal stage, it is necessary

to detect any inconsistencies between the internal and external aspects of the town and adjust the management model in a timely manner. The renewal orientation and strategy must be formulated by studying changes in market demand. It is necessary to summarize the town's own problems, optimize the original industrial characteristics and competitiveness, and reform the management strategy. The tourism content and tourism products should be improved according to the external environment. However, some operation teams cannot respond to market demand in time, make the management mode keep up with the times, or misjudge the actual situation of the town and external influencing factors when adjusting the strategy. This results in unclear or incorrect renewal orientation, thus causing the failure of the town spanning across the decline stage.

### **(3) Long Renewal Cycle and Weak Financing Ability**

In the current era, where product competitiveness is paramount, the success of cultural and tourism towns is dependent on offering unique experiences, innovative recreational ideas, and well-organized activities. However, creating and maintaining such products requires significant investment and continuous updating to keep up with changing market demands. For a town to sustain its momentum and vitality, it must possess two critical capabilities, internal profitability, and external financing ability. Without these capabilities, the town will be unable to weather risks and achieve renewal. Unfortunately, many small towns lack these capabilities or are weak in their implementation. Despite their



willingness to upgrade innovative products, their funds are insufficient, and financing plans often fall short due to the unique attribute of their products. This results in ineffective asset formation, leading to eventual failure in renewing the town project.

### **3.3 Summary of High-Quality Development of Cultural and Tourism Towns**

As China's tourism industry progresses towards high-quality development, it emphasizes quality improvement, management innovation, and technological progress. In this new era, the high-quality development of cultural and tourism towns should meet corresponding scopes and requirements. Based on a review of related studies, this paper proposes that the high-quality development of cultural and tourism towns refers to a new model of comprehensive development that considers economic development, development efficiency, and industrial structure in the context of the new era. Such development should focus on quality and efficiency and consider its impact on the economic development and industrial structure of the industry.

This paper believes that hindering factors exist at each stage of the lifecycle of cultural and tourism towns, and high-quality development mainly involves addressing these factors to ensure sustainable vitality. In China, some cultural and tourism town projects fail at each stage, while others maintain sustainable development. Based on observations and summaries of the industry, the author finds that W Town has been developing well since its inception, and even under

the COVID-19 impact, it still maintains the vitality of sustainable development. W Town possesses the traits of the high-quality development of cultural and tourism towns. Summarizing the influencing factors of each stage from the practical case of W Town supports the analysis of the hindering factors in this chapter.

Most Chinese scholars who have researched the high-quality development path of cultural and tourism towns mainly use an indirect data acquisition method, literature review, to study W Town. However, the author, as an operator involved in the operation and management of W Town, is familiar with the case and has access to richer and more accurate research data and content than other scholars. As an actual operator of W Town, the author will analyze the influencing factors of the high-quality development of cultural and tourism towns to obtain comprehensive results for the high-quality development of the tourism industry in cultural and tourism towns.

## **Chapter 4 Case Study of W Town**

### **4.1 Introduction of W Town**

#### **4.1.1 Introduction of “W Town model.”**

Among the first batch of top ten historical and cultural towns and one of China's ten most charming towns, W Town is known as “the last riverside residence in China” (Yang, 2021). In 2003, the United Nations awarded W Town the title of “UNESCO Asia-Pacific Awards for Cultural Heritage Conservation”. In 2006, W Town was included in the United Nations World Cultural Heritage Protection Preliminary List and the revised list of China's World Cultural Heritage Preliminary List. In 2010, W Town became the first national AAAAA tourist attraction in Jiaxing.

While being developed and protected as an ancient town, W Town has practiced advanced management concepts and effectively explored the protection and development methods. For example, “repairing the old as if it were new”, controlling excessive commercialization, laying pipelines in advance, and dredging waterways (Zhu, 2014) have all become pioneering practices in protecting and developing ancient towns across China. In 2001, Ms. MING Jiayang and Mr. Maranos, experts of UNESCO, inspected the ongoing ancient town protection and renovation project implemented in W Town. After learning about the advanced concepts, techniques, and operations behind the project, they said that W Town successfully paved a new path of harmonious coexistence between the protection and development of historical streets.

UNESCO experts referred to the protection model of W Town as the “W Town Model” (ZHENG et al., 2012).

The president of W Town proposed that the “W Town Model” indicates:

### **(1) Scientific Protection and Development**

Initially, W Town put forward the slogan “scientific protection as a premise, and reasonable development as the key” (Li et al., 2023) to effectively combine protection and development. The purpose was to maintain the originality of the ancient streets and houses, fully reflect the “profound cultural heritage” of W Town, and highlight “original taste and flavor” of the ancient town.

### **(3) Government-led Market-oriented Operating Model**

W Town has taken ownership of the shops on the old streets and has planned their tourism functions. Detailed regulations have been established for what products to sell and how to sell them to avoid "planning while tourism and protection are ongoing" and ensure "overall planning, step-by-step implementation, and a single launch." While protecting the town, W Town has conducted tourism promotions in a market-oriented way, directly linked to the tourism market, and is beneficial for quickly opening the market.

#### **4.1.2 Evolution of W Town case**

For over 20 years, W Town has undergone continuous development and has become a benchmark in the industry, creating a "W Town model" that has been tested through practice and serves as a model for other cultural and tourism towns. The "W Town model" refers to the successful experience explored and

practiced during the development, construction, and management of the W Town scenic area, which includes the Dongzha and Xizha areas, and W Village.

The challenge of protecting the ancient charm and original appearance of a thousand-year-old town while developing it into a sustainable tourism destination is faced by all ancient towns. Over more than 20 years, W Town has effectively explored this challenge, becoming a model for successful operation and development among protected ancient towns nationwide. W Town's high-quality development over the past 20 years can be divided into three model stages, namely the "W Town 1.0 model", "W Town 2.0 model", and "W Town 3.0 model".

#### **(1) “W Town 1.0 Model”: Renovate Dongzha Area, Create a One-day Sightseeing Product**

In 1999, when W Town was first developed, ancient town tourism boom prevailed in China, with towns like Xitang, Zhouzhuang, Nanxun already accumulated experience of at least 5 to 10 years of experience. However, W Town faced the challenge of a lack of cultural relics (only Mao Dun's former residence) and blank slate of tourism format. Due to its landscape of stretches of “new houses, old houses and run-down houses”, the development team had to break the traditional homogenization, static display of cultural relics, and a superficial sightseeing mode of development of other ancient towns. Instead, they adopted a strategy centered around commercialization and customer experience, while still preserving cultural relics. This was the embryonic form

of the "W Town model."

Firstly, the layout of the ancient town was planned as a whole. They renovated old buildings and infrastructure on a large scale, relocated seven enterprises, demolished buildings unfitting with the style of the ancient town, waterways were cleared and reorganized, and innovative underground pipeline technology was used to replace the chaotic overhead wires (Li et al., 2017), and built large parking lots, tourist centers, etc.

Secondly, the development philosophy of "repairing old buildings with old materials" and "repairing the old as if they were new" was proposed for cultural relic preservation and development. In repairing old buildings, old materials were used to restore them to their former appearance. The historical cultural heritage of ancient town architecture was preserved while protecting the water town style of the Jiangnan region. (Gao, 2015).

Thirdly, a dynamic interactive experience of ancient towns was created. They introduced and restored several experience sites that showcased the historical and cultural features of the ancient town, such as wine workshops, cloth dyeing studio, folk museum, to create a "one-day tour" (Li et al., 2017) interactive experience in Dongzha Area. Strategies such as "one store, one product" and uniform pricing for all goods were established. Moreover, in the initial stage, large hotels were not built, and night tours were not launched, to minimize the impact on the original residents and to preserve the authentic style of the Jiangnan ancient town.

The market developed rapidly with the renovation and opening of Dongzha Area in 2000. However, soon the “selling points” of Dongzha were imitated by competitors, and the advantages of W Town were constantly undermined. Limited by the initial capital, development experience and size of scenic area, Dongzha Area suffered operating difficulties. For example, the overall strategy was still relatively simple, and the source of scenic area revenue was mainly dependent on ticket sales. Tourists mainly came for day trips, with low visitor stickiness. The complex property rights also made management difficult.

## **(2) “W Town 2.0 Model”: Develop Xizha Area, Build a Leisure and Holiday Center**

In the third year after Dongzha Area’s completion, the development team began planning and construction of Xizha Area. This marked the beginning of W Town’s first transformation. In 2003, W Town launched the project through financing, positioning it as a “sightseeing + leisure” destination. Unlike the limited renovation of Dongzha Area, Xizha Area is reconstructed based on design plan that aimed to recreate the traditional architecture and ambience of a Jiangnan-style ancient town. The Xizha project built on the foundation of Dongzha model and cultural heritage preservation experience is the embodiment of the “W Town Model”.

Firstly, the overall planning and coordinated construction of the Xizha Area was carried out. This marks the first time in China that the principles of "reusing historic blocks" and "restoring old buildings to their original state"

were proposed during the planning and construction of a scenic area. In addition, non-coordinated old buildings were demolished, while 21 types of pipelines, including direct drinking water, fire protection, and rainwater, were buried underground. Wi-Fi broadband networks were also installed, fundamentally solving the problem of weak infrastructure in traditional ancient towns.

Secondly, unlike Dongzha Area, Xizha Area had the advantage of property rights. The company invested one billion yuan in purchasing the property rights of shops and houses belonging to original residents, and relocated the residents uniformly (Bian, 2010). Based on the demand for leisure vacations, the layout of the scenic area's various functional zones was optimized, achieving a separation of movement and stillness. The distribution of homestays, hotels, restaurants, shops, and scenic spots was reasonably arranged, able to satisfy different needs of tourists for sightseeing, leisure vacations, and business meetings.

Thirdly, the management of the Xizha Area was standardized under unified operation. As the owner of the property rights, the West Scenic Area differed from traditional scenic areas in terms of its business management. A highly differentiated "one shop, one product" strategy was implemented for shop management, with each shop only selling one category of W Town specialty products at a fixed price. To adhere to this principle, W Town even subsidized shop tenants who suffered losses because of the policy's strict enforcement. In addition, the quality of the shop's service was continuously evaluated, with strict



ability audits conducted on shop tenants. In terms of hotel management, W Town has established a unified accommodation standard. The resort hotels in W Town are self-operated by the hotel center, and the homestay owners provide friendly services while adhering to unified management standards (Zhang et al., 2021). The company standardized the menus and prices of homestays and restaurants, with clear and detailed quality and standard requirements for dishes and services, such as the number of seats per homestay and the specific menu items. The pursuit of details has become an important component of W Town's unique management model, resulting in industry recognition of the "W Town Brand's" ultimate customer experience. The West Scenic Area of W Town has subverted the traditional community structure, with tourists becoming the "residents" of the ancient town and original residents becoming operators of homestays, restaurants, and shops within the scenic area.

In addition, W Town pioneered the construction a “smart town”, achieving seamless Wi-Fi access to scenic spots and main streets of the town, constructing a digital W Town management system, opening online ticket sale channels, and promoting WeChat official account and mobile payment.

“Dongzha + Xizha” has achieved W Town's differentiated positioning, multi-element operation, and emphasis on vacation and business. Dongzha Area is mainly for local people living and tourists’ sightseeing, while Xizha Area for leisure and vacation in the ancient Watertown, as well as business meetings.

**(3) “W Town 3.0 Model”: Hold Festival Activities and Transform into a**

## **Cultural Town**

W Town held its first drama festival in 2013, fully integrating theatrical performance with its cultural heritage (Deng, 2018). By carefully selecting diverse performance venues and rich theatrical forms, tourists could appreciate drama while experiencing the town's cultural traditions. The drama festival expanded W Town's influence on markets in culture, art, film, entertainment, and drama has become the new hallmark of W Town.

The 2014 World Internet Conference was held in W Town, and it was designated as its permanent site, fusing ancient towns with technology. In November 2015, Mu Xin Art Museum was opened, with Professor Chen Danqing serving as its director. Fans and art lovers of Mr. Mu Xin from all over China and abroad flocked to the museum which was soon rated as the most beautiful museum in China. In 2016, initiated and chaired by W Town's chief designer Chen XH and planned by Feng BY, the "Utopia · Heterotopia: W Town International Contemporary Art Exhibition" opened in W Town. The exhibition invited 40 famous artists from 15 countries and regions, and a committee of six experts and scholars with significant influence in the international art world was specially invited to provide academic support for the art exhibition, deepening W Town's influence in the art world.

Subsequently, W Town gradually accelerated the third brand transformation towards becoming a "Cultural Wu Town" (Pan, 2018). A huge amount of money has been invested in grand theater, convention center, and

unique homestays to enhance the ability to host large-scale cultural projects and world conferences. The cultural town is W Town's strategic thinking for the future development of the town, endowing the ancient town with new cultural connotations and enabling cultural creativity to drive the town's innovation and growth.

#### **4.2 Research Background of W Town Case Study**

Since the development of the Dongzha Scenic Area in W Town in 1999, tourism in W Town has undergone rapid development for over 20 years and has always been a benchmark and model for China's tourism industry. Therefore, there are many research papers on W Town in China. A search with the keyword "W Town" in the CNKI platform yielded 4,391 entries. After screening, a total of 352 entries were found to be closely related to tourism in W Town. Similarly, a search with the keyword "W Town" in the Wanfang data yielded 4,689 results. After the screening, a total of 368 articles were found to be related to tourism in W Town. The query results of the two Chinese databases were highly coincident. After studying the above articles and papers, the author summarized the following points:

Firstly, current research results mainly focus on the transformation means of the original buildings, streets, and infrastructure of W Town in tourism development. Secondly, the existing research results discuss the operational strategies of W Town, which differ from those of other ancient towns, such as "one product for one store" (Wang, 2018), strict commercialization control,

unified service standards, fair pricing policies, and thoughtful service for the consumers. Thirdly, there are only a few studies related to the development model where the government and enterprises are integrated. For example, the president of W Town holds several positions and plays an important role in developing cultural and tourism in the town. Fourthly, a few studies mention the treatment of different assets and evaluate the investment attraction of W Town in the early stage. Fifthly, some research results analyze and study the marketing methods adopted by W Town in different stages, summarizing some experience of brand marketing.

In general, the above research has introduced excellent experience and practices in developing W Town to a certain extent. However, there are several shortcomings: Firstly, most studies are based on data on different stages, lacking a complete observation of W Town's tourism development over 20 years, so the existing research mainly analyzes one stage of W Town's development. Secondly, all researchers observe it as outsiders. Although a few of them made field visits, questionnaires, or discussions, they failed to explore the town's internal situation. The information they obtained is fragmented, localized, and externalized. Therefore, the existing research does not deeply and accurately understand the underlying logic of W Town's success. Thirdly, most of the papers collected were written by theoretical researchers, which are over-academic and limited in practical value.

Therefore, the author of this paper fully utilizes his rich experience

working in W Town for more than 20 years, extracts the factors leading to the high-quality development of W Town as a practical operator and combines in-depth interviews with experienced enterprise managers. The author attempts to completely restore the underlying logic of the high-quality development of W Town and provides reference for other towns of cultural and tourism in China.

### **4.3 Research on High-quality Development Factors of W Town in Full Life Cycle**

Based on the product life cycle theory, this paper divides the life cycle of high-quality cultural and tourism towns into five stages: project proposal, planning, construction, operation, and renewal stage. In this section, the author combined his practical experience in W Town with interview data from other senior managers in W Town to extract the factors that influence the high-quality development process of W Town.

#### **4.3.1 “W Town 3.0 Model”: Development Value Judgement at the Project Proposal Stage**

Cultural and tourism town projects require intensive capital investment, large construction volume, and a long development and operation cycle. As a result, high-quality development of such projects will face different types of challenges and risk sources throughout their full life cycle. It is necessary to conduct a feasibility study and make informed judgements at the project proposal stage, scientifically manage risks, and enhance competitiveness. Over

a period of more than 20 years, W Town has become a benchmark in the cultural and tourism industry. From a full life cycle perspective, the value judgement of its development at the project proposal stage is critical and far-reaching. The development value judgement of W Town is mainly based on four factors: the uniqueness of its resources, market dependence, transportation convenience, and government coordination.

### **(1) Resource Uniqueness**

Differentiation of cultural and tourism towns is based on unique natural ecological resources and local culture, which determine the basic attractiveness of the town and provide a solid foundation for its construction. However, the evaluation criteria for cultural and tourism towns are different from those for national A-level tourist attractions and tourist resorts and lack the interpretation of market judgement on resources. This study proposes to evaluate the uniqueness and development value of resources from the market perspective and assess resource development and utilization from the perspectives of resource scarcity, brand influence, market demand, and resource product transformation.

*W Town is known for its “riverside residence”. Unlike the development of other ancient Watertown, it made a complete plan based on the characteristics of resources at the beginning of its development. The designers carefully studied local history and culture during the development and adhered to the concept of “heritage conservation and reserve”. They implemented the “three major*

*projects”*: heritage protection, cultural protection, and environmental conservation, which fully restored the ancient riverside town style and features of the ancient water town in the late 19th and early 20th centuries. This ensured the integrity of the Jiangnan water town and the historic district's ancient architectural style, and also inherited unique local customs and cultural traditions. This made its resources far superior to other scenic spots in terms of scarcity, brand influence, market demand, and resource transformation, magnifying the uniqueness of W Town's specific resources.

## **(2) Market Dependence**

The development of cultural and tourism town projects is influenced by both internal and external factors. External conditions, such as the connection with the market and accessibility, are particularly important. The presence of mature market economic conditions can provide a solid foundation for cultural and tourism towns in terms of revenue and consumption. The market dependence of cultural and tourism towns ensures market influence and helps to secure consumer groups. Cultural and tourism towns that are located close to large and medium-sized cities and central cities can attract a significant number of urban customers with strong purchasing power, thanks to the developed economy, population concentration, rich structure, high activity levels, and good comprehensive urban supporting facilities. All these factors help to improve the town's ability to attract investment and exchange resources.

*W Town is located at the center of the city cluster of the Yangtze River Delta.*

*As the saying goes, "Heaven is above, and Suzhou and Hangzhou are below," and W Town is situated right in the middle. Leveraging the city cluster of the Yangtze River Delta and the Shanghai-Hangzhou metropolitan circle, W Town has sufficient high-quality market flow, which lays a solid foundation for the sustainable development and operation of the scenic area. In 2016, the tourist flow of W Town exceeded 9 million for the first time. Since then, except for the 10 million passengers in 2017, its passenger traffic has remained between 9 and 10 million before the outbreak of the COVID-19 pandemic, which is an outstanding performance among similar scenic spots in China.*

### **(3) Transportation Accessibility**

As an essential external requirement for the success of a cultural and tourism town project, transportation accessibility represents the ease of transporting tourists from their origin to their destination. The transportation accessibility of cultural and tourism towns, as an important condition for integrating into the transportation network of regional city clusters, affects the time and efficiency of tourist arrivals, indirectly impacting visitor rate and revisits. It also determines the accessibility of external resources for the town, affecting the sustainability of its development and industrial growth.

*W Town is located in the heart of the Hangzhou-Jiaxing-Huzhou Plain, which is part of the "Golden Triangle" of the Yangtze River Delta, with a distance of only 80 kilometers from both Hangzhou and Suzhou and about 140 kilometers from Shanghai. W Town enjoys excellent transportation convenience,*



*whether traveling from Hangzhou or Shanghai to W Town, or from W Town to airports, high-speed railway stations, or interchanges. The town is connected to the Shanghai-Hangzhou Expressway, National Highway 320 and 318, and the provincial Yansu Highway through the Yaozhen line running through the town. Additionally, the entrances to the Hangzhou-Ningbo, Shanghai-Hangzhou, Shanghai-Nanjing-Hangzhou, and Shanghai-Nanjing-Huzhou expressways are in close proximity to W Town. The convenient and accessible transportation conditions have brought a large urban audience to W Town.*

#### **(4) Government Coordination**

The government plays a vital role in the development, construction, and sustainability of cultural and tourism town projects. As the organizer and leader, the government coordinates and manages affairs, creates support and development plans, and maintains the order and stability of the cultural and tourism consumption market. As a public service provider, the government must prioritize the development of infrastructure and ecological environments while actively promoting cooperation between banks and enterprises, as well as providing preferential policies for cultural and tourism towns. As a regulator, the government must allocate funds for specific purposes only, guide the use of funds, improve the reward and punishment mechanism, and create a fair competitive environment for cultural and tourism enterprises. As a guide for publicity, the government should publicize the cultural and tourism town's brand through various channels, including official and new media, to enhance market

recognition and public perception of the cultural and tourism town.

*During the development of W Town, the Tongxiang Municipal Government played a crucial role in top-level planning, policymaking, organization and leadership, fund investment, and personnel allocation, laying a solid foundation for the town's success. Under the guidance of the Tongxiang Municipal Government's philosophy, W Town persisted in planning first and clarified the relationship between protection and tourism development. To ensure the smooth implementation of W Town's protective development work, in April 1999, the Tongxiang Municipal Government passed the "Several Policy Opinions to Accelerate the Protection and Tourism Development of W Town." The Municipal Government established the "W Town Management Committee for Ancient Town Protection and Tourism Development" as the leading organization responsible for protection and tourism development of W Town, which unified planning, guidance, coordination, and management on behalf of the Municipal Government. Additionally, the "Opinions" formulated many preferential policies based on the actual situation of protection and development in W Town, established special protection funds and tourism development funds, and set up institutions responsible for the protection of cultural relics units. The government also granted the Management Committee the right to approve projects up to a specific limit. These coordinated actions of the government have provided convenience for the development of W Town.*

### **4.3.2 Top-level Architecture Design at the Planning Stage**

#### **(1) Asset structure design**

A critical limiting factor to the sustainable development of cultural and tourism towns is the imbalance between heavy investment in fixed assets and low output in asset operation with high debt. The overall goal of asset management in cultural and tourism towns is similar to that of state-owned assets management and is multifaceted and complex. W Town has achieved high-quality development by combining the top-level design of combining asset ownership, enterprise social responsibility, and standardized asset operation with the clear objectives of asset management, classification management, and coordinated development. By elevating resource and asset management to capital operation, W Town has improved the supply capacity of development factors, resulting in the enhancement of W Town's high-quality development.

#### **1) Diversified Asset Management Objectives**

The asset management objectives of W Town include political, social, and business objectives. First, cultural and tourism towns are distinctive with political characteristics. As a new type of urbanization with industrial features and cultural and tourism as its core, they use content and scenes as their core attraction and serve as a fresh carrier for social development and urbanization processes. Cultural and tourism towns are a fundamental function of transforming and innovating traditional town industries, residences, and recreation. They promote the construction of urban and rural spaces and

ecological civilization and are a social investment project for driving common prosperity at the current stage of China's integrated development. Therefore, the asset investment of cultural and tourism town projects includes long-term non-operational political demands. To meet these demands, the government at all levels must provide policy support and resources to the project through various channels. In addition to providing preferential treatment in obtaining land resources and determining various original resource prices, the government also needs to use public financial resources and other government support channels to reduce the burden of asset investment in cultural and tourism towns and create a favorable environment.

Secondly, the social objectives of W Town's asset management include the protection and inheritance of culture and the extension of benefits. On the one hand, by protecting and incorporating traditional culture, particularly important historical cultural relics, buildings, landscapes, and intangible cultural heritage skills that do not meet national protection standards but hold significant historical and cultural value, W Town has played a significant role in preserving China's rich national historical culture and exceptional folk culture at the grassroots level. On the other hand, with the core concept of being "people-oriented," W Town fosters a sense of community belonging through the construction of cultural functions and scenes. The focus is on the local indigenous population, with a ripple effect on surrounding areas. More and better job opportunities are created, leading to the prosperity of local service

industries, and increased income and tax revenue for local residents.

**Table 4-1 Comparison of growth of total tourism assets and net assets of  
W Town from 2000 to 2021 (unit: 10,000 yuan)**

Year	Total assets	Net assets
2000	5,126.97	2,203.65
2001	8,254.82	3,328.35
2002	17,591	4,054.13
2003	28,554.66	5,652.69
2004	43,456.38	9,318.86
2005	57,248.45	10,705.01
2006	88,639.36	22,023.74
2007	96,506.58	61,130.02
2008	103,424.66	67,307.1
2009	112,739.07	86,849.11
2010	132,924.94	83,904.82
2011	178,668.9	127,459.74
2012	221,795.79	150,745.36
2013	273,662.13	179,068.72
2014	310,623.62	240,632.77
2015	368,692.54	281,137.854

2016	476,866.539	335,741.098
2017	637,406.97	404,972.01
2018	720,641.455	478,367.189
2019	838,724.446	559,040.959
2020	924,011.42	548,379.38
2021	866,048.39	554,205.88

Source: This paper

Thirdly, the asset management and operation of W Town realizes market-oriented allocation according to the laws of market economy and the requirements of asset element market management. W Town tourism started from "zero assets" in 1999. In just over 20 years, its total assets and net assets have grown rapidly.

Compared with Zhouzhuang, Tongli, and five other early developed ancient towns in the South of the Yangtze River that applied for World Cultural Heritage, W Town Tourism is the only joint-stock development subject with county (city) level national assets as shareholders (rather than township administration as the main enterprise). At the beginning of its operation, W Town tourism proposed the principle of "market-oriented operation and management" under the guidance of the government. In actual operation, W Town Tourism Co., Ltd. serves as an independent legal entity and has established a modern corporate governance structure. Its income, profit

distribution, subsidies, and preferential policies are clearly distinguished from the local township government. The land of the scenic spot belonging to the Company was obtained through public transfer in the primary market of land, rather than administrative transfer. Its land, buildings, and hotels in the town have all formed standard enterprise assets.

W Town combines the political and social attributes of assets with the standardized operation of enterprise management assets in the top-level design, making the return on equity based on capital elements, unit capital output efficiency and per capita earning ability as the visual indicators to promote the subsequent development of enterprises, and laying a good foundation for the introduction, merger, and reorganization of social capital in W Town in the future. More importantly, the asset design of W Town comprehensively improves its elements allocation ability, establishes the benefit and risk sharing mechanism of its assets, and greatly promotes its enterprise element allocation ability.

## **2) Classified Management and Coordinated Development of Assets**

Capital, land, buildings, landscape structures, labor, technology, and data collectively constitute the production factors of cultural and tourism towns. The diversity and complexity of the functional utility of cultural and tourism towns determine the diversity of their asset categories and the inevitability of asset collaborative management.

*W Town now has two historical districts (scenic spots), Xizha and Dongzha,*

*and a natural village, W Village, covering an area of about 4 square kilometers. The whole scenic area has about 640,600 square meters of historical buildings, buildings, scenic area management and supporting buildings, forming a vast asset base for enterprise operation and management. Therefore, with the support of the local government, at the beginning of its establishment, W Town Tourism classified its tourism operation assets into three categories:*

*First, social public assets, including roads connecting Dongzha and Xizha, rivers and streets of the two historical blocks, and the supporting high and low voltage power supply facilities, water supply and sewage facilities in the scenic area.*

*Second, protective assets which include the original historical buildings and old bridges and other important structures such as the original historical buildings in the two historical blocks, the recognized historical buildings, and the unprotected and undeveloped historical buildings in Zhongshi, Beizha and Nanzha areas. Among them, the historical buildings of Zhongshi cover 52,700 square meters, with a total asset of 15,801,600 yuan, and the historical buildings outside the scenic area (including 34,300 square meters of directly managed public houses).*

*Third, operational assets, including reconstructed landscape buildings according to protection plans, various newly built attractions, hotels, homestays, and landscape structures, tourist centers, laundry rooms, staff dormitories, and various supporting facilities.*



*W Town Tourism adopts the mechanism of "asset classification and unified management" for the management of the three types of assets mentioned above. The investment in social public assets is mainly funded by the local government at the city and town levels. According to incomplete statistics, since the preparation of W Town Tourism in 1999, especially after W Town was designated as the permanent site of the World Internet Conference in 2014, the government has directly invested 1.8 billion yuan in projects such as dual circuit power supply in the scenic area, road facilities improvement, river dredging, and the renovation of the appearance of buildings around the scenic area. This has greatly changed the original phenomenon of "European-style inside the scenic area, African-style outside". At the same time, in order to implement the development needs of the overall tourism of the historical street area in the town, the government has carried out a comprehensive upgrade of public facilities, transportation integration, and full coverage of the network throughout the town.*

*The management and operation of protective assets are common problems faced by all traditional historical cultural towns that develop cultural and tourism towns. Due to historical reasons, most of the historical buildings and residences in these towns have long been neglected, and various basic supporting facilities are lagging behind or lacking, while lacking funds and manpower for long-term protection and management. W Town Tourism explicitly treats protective assets as "unchanged ownership, entrusted*

*management, using the income to balance expenditures, and self-seeking equilibrium". The local government's state-owned assets have established a specialized investment company called Tongxiang Wuzhen Ancient Town Tourism Investment Co., Ltd., clarifying that this part of the assets belongs to state-owned assets, and signing a management contract to exclusively entrust the renovation, recovery, management, and operation rights of protective assets to the W Town Tourism Co., Ltd. owned by the state-owned assets. The W Town Tourism Company is responsible for funding the relocation, maintenance, and rental of the landscape buildings of historical buildings and historical relics. In addition to collecting a small amount of fixed rent, all rental and operating income of protective assets is earned by the W Town Tourism Company. However, W Town Tourism is not allowed to use this part of the assets for any form of realization, mortgage, or capital cooperation. Another characteristic of entrusting the management of protective assets is that the government only entrusts the main company operating the scenic area, and the management and operation are uniformly exercised by the scenic area operating company, which is clearly the only responsible management subject. This management system greatly mobilizes the efficiency of protective asset management and avoids the phenomenon of heavy operation and light management caused by multi-head management of assets in the area. Since its establishment, W Town Tourism has continuously increased the value of protective assets, with asset value increasing from 51.27 million yuan to 8660.48 million yuan, and the efficiency*

*of local state-owned asset management has been effectively improved.*

The classified management of assets in cultural and tourism towns has reduced the asset burden for operators and managers, ensured the dominance of state-owned assets in the excellent historical and cultural buildings and structures of cultural and tourism towns through top-level design, and clarified the responsibility of operating assets.

### **3) Capitalization of Resources and Assets**

Cultural and tourism towns should establish a mutually beneficial business model with the support of social capital. From a market perspective, the economic benefits from a single tourism ticket income and tourism product income are insufficient to sustain the long-term development of a cultural and tourism town, given its multifunctional role in politics, society, and operations. Therefore, to improve the supply capacity of its development factors, it is necessary to introduce social capital to upgrade resource and asset management to capital management. The introduction of social capital should be properly timed and based on a clear property rights model. Moreover, compensation benefits should not be limited to collecting and mitigating construction funds.

*Before the opening of Xizha, W Town introduced the state-owned enterprise China Youth Travel Service (CYTS) in the form of a premium. It was mainly introducing state-owned equity owned by the local government on the basis of the existing shareholder structure, which effectively promoted the coordinated support of the government and the operation and management of*

*the scenic area after its opening. After the opening of the scenic area (in 2009), 15% of the equity of the joint venture company was transferred to IDG, a foreign company. In 2013, the foreign company withdrew its 15% stake. Due to the brand awareness of W Town and the profitability of the project, the price of the equity was 8.4 times the premium of the equity in 2009.*

The integrated property rights model provides a solid foundation for capital management. A clear property rights model enhances the integration benefits of capital introduction and clarifies operational and management responsibilities. *In W Town, capitalization and cooperation are limited to operational assets, which effectively resolves cooperation issues with government shareholders and achieves optimal investment and operational synergy.*

## **(2) Balancing the Functions of Government and Market**

Based on the stakeholder theory, the development and construction of cultural and tourism towns often involve the interests of different groups, such as the government, development entities, local residents, and so on. These stakeholders have diversified interest needs and methods to realize their interests, forming a complex interest network. Due to the differences in game status, resource advantages, and relevance, there is a large gap in the influence and contribution of different stakeholders to the development, construction, and operation of cultural and tourism towns. Analysis of the interest patterns reveals that, among all stakeholders, the dual role of the government and the market dominates the construction of cultural and tourism towns.

*In 1999 when ancient town trip was prevailing, the Tongxiang Municipal Party Committee and Government initiated the protection and tourism development of W Town with the development concept of "high starting point, high standard, and high-quality products". The government played an active role in many aspects and laid a solid foundation for the town's development. However, due to the involvement of both the government and the market in the rights and responsibilities of protecting and developing all elements, W Town has adopted a market-oriented protection and development model. It has established a government-led, market-oriented, and enterprise-operated mechanism.*

### **1) The Government Function of High-quality Development in W town**

*Guided by the Tongxiang Municipal Government, W Town places great emphasis on planning. From architectural mapping and overall protection planning, to detailed planning of historical blocks and construction drawings to restore ancient buildings, high-quality planning provides scientific and theoretical guidance for the protection and tourism development of W Town.*

*In 1998, W Town commissioned Tongji University to prepare the W Town Ancient Town Protection Plan, which defined the overall direction of coordinated protection and development. In April 1999, the Tongxiang City passed several policy opinions to accelerate the protection and tourism development of Ancient W Town, which determined the establishment of the "Development Management Committee of W Town Ancient Town Protection and*

*Tourism" as the municipal government's agency to carry out unified planning, guidance, coordination, and management on behalf of the municipal government. This marked the government's participation in the tourism development of W Town as a major force. Members of the committee took part-time positions to build a unified management system. The policy opinions formulated a large number of preferential policies and set up a property management company to protect objects, set up signs and instructions for each cultural relics protection unit, put on file and assign special personnel to manage them.*

*As the protective development of W Town was a new challenge for Tongxiang Government, it continuously issued relevant policies. For example, in the early stage, the special protection fund and municipal tax refund policy granted the committee the resources that could be appropriated. More importantly, in 2002, the municipal government authorized the committee to examine and approve projects below 30 million yuan, increasing its autonomy. In addition, Tongxiang City has established a comprehensive tourism development fund and invested 1 million yuan in protecting and developing W Town for three consecutive years.*

*The protection and development of W Town presented an unprecedented challenge for Tongxiang City, leading to the formation of a special trust relationship between the municipal government and Chen XH under specific historical conditions. With centralized power and preferential policies, the*

*municipal government and W Town have established a positive and interactive mechanism for protective development.*

*Under the leadership of Tongxiang Municipal Government, W Town has established a unified and coordinated management framework and a centralized municipal protection management system, which is the result of government-led development practice. This centralized management system has effectively overcome various adverse situations in the early stages of W Town protection. In terms of protective development, W Town adopts strict systems and standardized procedures to resolutely implement residents' relocation, business management, residential protection, planning implementation, etc. This kind of control and management has made W Town fully comply with planning requirements while considering protection and development, resulting in good outcomes.*

## **2) The Market Function of High-quality Development in W Town**

*During the early stages of the protection and development of W Town, the Tongxiang Municipal Party Committee and Municipal Government established a market-oriented operation mechanism and a project-based investment mechanism. In June 1996, the Tongxiang Construction Bureau and W Town Asset Management Corporation jointly established the W Town Ancient Town Protection and Tourism Development Co., Ltd. to protect and develop scenic spots (Chai & Li, 2008). After its establishment, the W Town Ancient Town Protection and Tourism Development Co., Ltd. became a wholly state-owned*

*enterprise in Tongxiang City. Through financial transfer, assets were injected into the Company or contributed to the form of asset valuation. The asset owner holds the corresponding equity, and the Company borrows from banks through asset mortgages to obtain funds for tourism projects. Therefore, although the W Town Ancient Town Protection and Tourism Development Co., Ltd. is a limited liability company established in accordance with the articles of association of the standardized joint-stock company, it is still essentially a government-enterprise integration system.*

*To comprehensively integrate and allocate various resources, W Town Ancient Town Protection and Tourism Development Co., Ltd. has continuously expanded its asset scale and extended the industrial chain through purchase and allocation. This has greatly improved its industrialization, scale, and marketization level to transform the external benefits generated by the protection and development of W Town into economic income as much as possible. Furthermore, it provides financial support to protect W Town. By adopting the corporate governance structure of a shareholding system, W Town Ancient Town Protection and Tourism Development Co., Ltd. can raise more market funds for the protective development of W Town. Additionally, the company expropriated the right to use and ownership of residential houses in the first and second phases of the project and leased them after unified renovation. This allowed for the full control of the interests of ancient town protection and tourism development. With a market-oriented mechanism, W*



*Town has successfully protected the style and features of the ancient town that was on the verge of extinction, without burdening the local finance and greatly benefiting the town.*

*To reduce the financial pressure on protecting and developing W Town, CYTS Holdings Co., Ltd. was introduced in January 2007, and a special limited company was established to manage tourism of W Town (Bian, 2010). CYTS increased capital to be a shareholder, and both parties agreed to maintain the independent brand of Wuzhen, to alleviate the financial pressure and build a complete corporate governance structure for the enterprise operation and management of the developer.*

To develop cultural and tourism towns in China, coordination of the interests of different stakeholders, such as the government, the capital, and the resident, is often required. Therefore, the efforts are difficult to control, and finding a balance between over-commercialization and protection is challenging (Bao & Lin, 2014). *W Town, with its unified property rights and the full authorization of the local government and the capital, has fully entrusted the operation and management work to Chen XH's team, who is familiar with the local context. W Town Tourism Company is solely responsible for the construction, operation and management of the scenic spot, and the government and the management committee play an auxiliary and supervisory role (Li et al., 2017). Therefore, the "content provider + channel provider + capital + government" operation and management model has been established (Dong,*

2018).

The development of cultural and tourism towns is a long-term, complex, and comprehensive process. Under the leading role of the market, enterprises are the main developers, while the government is the main driver in providing services and set platforms. The development of cultural and tourism towns is a joint effort between the government and the market (Zhang & Chen, 2020). *W Town always considers and constantly adjusts the role and influence of the government and the market at different stages of the product life cycle.*

#### **4.3.3 Design of Three Major Modes in the Planning Stage**

The researchers have noted that many cultural and tourism towns in China fail to develop in high quality due to the lack of consideration for the structure of products, operations, and business models at the very beginning. Typically, the government and investors invest in a single profit model that generates only ticket and rental income, without considering the product structures of all stakeholders, ultimately leading to unsustainable development. By systematically designing the product, business, and operation mode during the planning stage of cultural and tourism towns, planning and operation can be organically combined. *At the beginning of W Town's planning and design, product, business, and operation mode were systematically considered, with future development being considered from this perspective. The product design of the whole town was carried out based on the idea of operation in advance, which resulted in a consistently implemented business model and achieved*

*precise division of labor and refined quality.*

### **(1) Business Model Design**

*This article not only focuses on the business model of the enterprise itself, but also on the profit structure built by the enterprise and its stakeholders. W Town has a clear business model. As mentioned above, W Town divides the asset management objectives into political, social, and business objectives. This mechanism of “asset classification, unified operation and management” clearly positions the investment subjects and profit models of various assets of the town and considers the profit structure of all stakeholders. This approach is also conducive to the planning of subsequent products and the effective implementation of operational schemes.*

### **(2) Product Model Design**

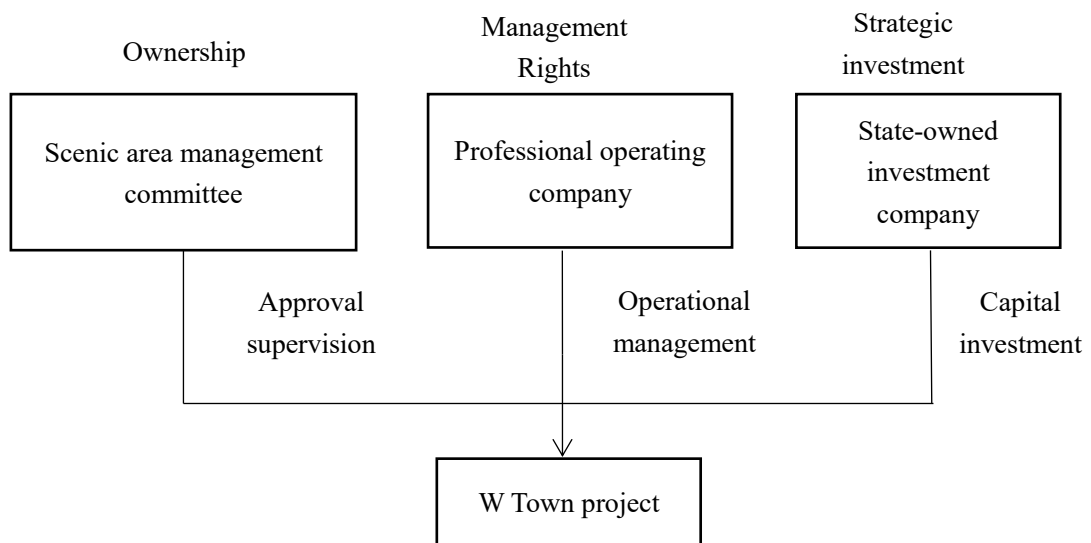
*As mentioned earlier, the project proposal stage of W Town systematically considered the resource market. However, the product model required designing based on the existing resources, the current market trend, the expansion space, and sustainable development afterward. For instance, the products of W Town experienced constant iteration according to the market changes, from sightseeing in Dongzha to leisure and holiday in Xizha and W Village, and finally to an industrial town. The designers of W Town reserved space for subsequent expansions even before market trends changed. As early as 2002, after the protection and development of Dongzha were completed, the designers began preparing for the development of Xizha, positioning it as a “leisure and*

*cultural ancient town” to attract holiday tourists.*

*In the actual development process, cultural and tourism towns may face various uncertain factors, such as "the ever-changing environment, the sustainable development of resource ecology, the unstable market demand preferences, the change of planning concept, and the improvement of development technology." Therefore, "space reserved for products" is the cornerstone of their development. At the same time, the perfect business model and operation model provide capital and talent reserve for the reserved space.*

### **(3) Operation Model Design**

*Pre-operation is one of the important factors for the high-quality development of cultural and tourism towns. Based on the separation of ownership and operation rights, W Town established a professional management company with a well-structured organization and controlled by the founding team through entrusted management. Detailed operational and management plans were formulated for W Town's tourism operations and management, and a comprehensive organizational framework for operation and management was established.*



**Figure 4-1 Operation model of W Town project**

W Town has implemented a closed model for scenic spot management since the beginning of its operation. The established professional operation company pays close attention to managing the content of the scenic spot, with most of the business forms being operated by the company in a self-operated manner. From the design of the operation mode, the quality of the project products has been ensured. Additionally, the standardized operation management and quality product model have effectively guaranteed the benefits of stakeholders.

Product model design, operation model design, business model design complement each other and are all indispensable. Cultural and tourism towns require a clear business profit model to ensure sustainable development, and the successful construction of the business model depends on the perfect operation

model and product model. On the other hand, the product model of cultural and tourism towns should be designed based on the overall profit, and the profit model cannot be separated from meticulous and accurate operation and management.

#### **4.3.4 Scene Creation at the Planning Stage**

The term "scene" originated from the setting of drama and film, that is, occasion + circumstance, referring to a space background adapted to characters and plots. Over time, scholars have developed a deeper understanding and conducted further research on this concept. The New Chicago School, led by Clark, proposed that a scene is a consumption-oriented path with life and entertainment facilities as carriers, and culture as a form, which reshapes urban renewal and development (Silver et al., 2007). Currently, scene creation has been widely used in tourism planning, tourism marketing, and smart tourism to help tourists achieve immersive experiences.

The researchers believe that the application of Theory of Scenes in the planning and design of small towns will drive the high-quality development of cultural and tourism towns. **From a spatial perspective**, cultural and tourism towns represent the interaction between tourism and culture, the joint development of multiple industries, and cultural value and consumption symbols. In terms of spatial composition, it conforms to scene needs.

**From the perspective of the theoretical elements of scene**, the five elements of the scene are community, physical building gathering space, diverse

people, characteristic activities, and the values of the scene (Clark & Li, 2017). The space for local residents and tourists in the town for vacation provides a geographical concept of community for the high-quality development of the town. Public buildings such as various cultural venues, tourist centers, theaters, and wharves that can provide tourists with tourist experiences are the physical gathering space for the high-quality development of the town. The segmented tourist market has diversified the population in cultural and tourism towns. All kinds of tourism activities and tour routes carried out in cultural and tourism towns effectively link communities, building clusters, and diversified tourists, expressing the values of designers, builders, operators, and tourists of cultural and tourism towns.

**From the perspective of consumer perception,** Theory of Scenes mainly focuses on the pleasure and satisfaction of tourists brought by tourism cultural activities by integrating artistic aesthetics into the consumption space. In the current market, tourists pursue travel experiences different from their daily lives, and are more eager to desire leisure, freedom, and sensory pleasure and stimulation, and seek spiritual comfort in various cultural travel projects. This puts forward higher requirements for tourism planners, that is, to integrate tourists' leisure and aesthetic needs into scene construction, improve tourists' perception of tourism quality, promote cultural and tourism towns to increase revenue, shift from the ticket economy to the industrial economy, and ultimately achieve high-quality development.

*W Town, as a leader in exploring water town lifestyles with modern aesthetics for tourists, made full use of Theory of Scenes in its early design planning. Throughout the consumption scene construction in the W Town scenic spot, we can summarize three types of consumption scene construction: (1) Restoring the original scene of traditional production and lifestyles in the water town; (2) Creating a traditional cultural consumption scene with the town's unique cultural deposits and combining it with the tourist experience; (3) Introducing contemporary culture and art industries to create an art consumption scene. Based on the restoration of the old town as it was before, the W Town scenic spot amplifies the user experience through advanced innovative planning and design and scene construction concepts, creates a place where tourists can deeply immerse themselves and gather the lifestyle and poetic scene of the water town, and integrates with modern life by introducing modern aesthetics and improving infrastructure, so as to attract visitors to stay and experience the lifestyle.*

### **(1) Creation of Lifestyle Consumption Scene**

*In the design of lifestyle scenes, W Town focuses on the protection and revitalization of the traditional water town production and lifestyle in its authentic form, ensuring the integrity of the town's architectural style and providing tourists with a visually consistent experience. While other ancient towns have a non-uniform architectural style with historical buildings and new houses mixed together, and only one street or a certain area resembles an*



*ancient town and still exists as a neighborhood accommodating residents, W Town had the concept of protecting and displaying traditional water town scenes from the beginning of its development: "Make W Town like an ancient town, not just one point, but a whole area." Therefore, the development and renovation of W Town not only guarantees the restoration of individual buildings to their original appearance, but also focuses on creating a unified architectural style for the entire street. The surrounding environment is systematically combed and treated through measures such as architectural style transformation, underground pipelines, and sewage diversion, protecting the integrity of the traditional water town style, and creating an authentic small-town atmosphere that emphasizes tourists' sense of immersion and participation in the experience, providing them with a real immersive experience of living in a traditional water town.*

Research by Silver and Clark (2016) mentioned that the scenes composed of entertainment facilities with consumption as the primary purpose usually contain specific cultural values, that is, individuals externalize their values into personal behaviors, which are further externalized into the functions, types, and layouts of facilities. The lifestyle consumption scenes created by cultural and tourism towns are consumption-oriented scenes, the purpose of which is to attract tourists to experience and consume the vacation lifestyle here. Comfortable facilities, services, and activities constitute the core elements of the consumption scene. *To create a lifestyle consumption scene that is in line*

*with modern tourist values and aesthetics, and to integrate modern lifestyles, W Town combines protection with reuse, reconstructs the internal space of historical buildings, and carries out large-scale infrastructure upgrades, achieving a comprehensive upgrade of the water supply and drainage systems and electrical systems. The modernization of infrastructure such as wireless network coverage, drinking water, pipeline gas, and online payments has made ancient buildings more suitable for modern living concepts. At the same time, supplemented by the perfect modern community service system and supporting system of the ancient town, such as laundry rooms, bakeries, distribution centers, etc., and introducing modern community management concepts, the quality of life in traditional ancient towns has been improved and enhanced. In terms of creating living scenes, W Town's designers have always adhered to the traditional water town lifestyle, emphasizing the diversity of the combination of traditional habits and modern lifestyle and aesthetic concepts, that is, while balancing development and protection, they have created a living scene that not only has a traditional water town style but also has modern vacation facilities, and also takes into account the comfortable atmosphere of warm and friendly "neighborhood relations", deepening tourists' familiarity and fondness for the small town.*

## **(2) Cultural and Artistic Consumption Scene Construction**

For cultural and tourism towns, cultural scene construction is an important way to help tourists achieve an in-depth experience, understand local culture,

and establish emotional connections with the town, thereby promoting consumption. The cultural consumption scene of cultural and tourism towns has the triple attributes of culture, consumption, and life, and the place, behavior, and atmosphere are all closely related to the cultural attributes of the consumption space, and the cultural and spatial preservation is a symbol of local culture. The restoration of cultural consumption scenes in ancient towns is not a simple process of copying and translating traditional culture and art. Due to intergenerational gaps, designers find it difficult or impossible to completely reproduce the historical cultural scenes left by the ancients on a 1:1 scale. Therefore, the construction of traditional cultural consumption scenes in cultural and tourism towns should be based on a deep understanding of local culture, combined with contemporary aesthetics and values, and integrated with new consumer demands. Traditional culture should be reshaped through new spaces to create scenes that are understandable to audiences, have modern beauty, and can be widely promoted and communicated.

*In terms of cultural scene construction, W Town pays more attention to the readability of human history and the unique cultural heritage of the water town, emphasizing the interaction and emotional connection between tourists and scenes. The chief designer of W Town believes that "visitors should not just see buildings, there should be stories, plots, and scenes on the streets." By deeply studying and interpreting local culture, W Town abandons static exhibition halls in its display methods, instead carving culture into the details of the town, rooted*

*in every building and corner. At the same time, culture is activated and applied by overlaying local residents' daily activities and places with various tourist activities. Specifically, W Town's cultural scene construction includes the following: First, each building, bridge, streetlamp, and horse-head wall in W Town was personally designed by the chief designer, Chen XH, containing traditional Jiangnan imagery and constructing a poetic water town landscape to provide tourists with a retro expectation and aesthetic taste suitable for modern urbanites. Second, W Town preserves public cultural spaces such as docks, bookstores, Zhaoming Academy, water markets, and temples that can reflect local culture, while connecting these cultural sites with tourist routes and incorporating the tourist experience into the display of each scene, providing tourists with a greater sense of participation. Third, W Town integrates traditional culture into tourists' daily life, creating vivid cultural consumption scenes. For example, W Town employs local residents to work in restaurants, homestays, and souvenir shops in the scenic area, creating an authentic water town atmosphere. At the Long Street Banquet, "neighbors" set up tables and chairs along the streets and alleys, inviting passers-by to taste carefully prepared local food. "Homestay owners" serve Jiangnan specialty food according to standardized processes, and "fishermen and boatmen" at the water market sell locally produced goods along the tourists' route. In the workshops of dyeing, brewing, and silk-making, artisans perform traditional production processes, repeating daily water town festival customs. By constructing scenes*

*with stories and emotionally engaging tourists, W Town creates a ritualistic immersive experience for tourists, deepening their emotional connection with the cultural space of the town, and promoting their consumption needs while promoting traditional culture.*

According to Maslow's hierarchy of needs theory, when people's material desires are greatly satisfied, they no longer consume just to satisfy their primary needs, but rather seek higher quality of life and higher spiritual needs. Xu Yifan believes that the main driving force behind the huge demand for cultural and artistic consumption in China's spiritual consumption market is the "consumption generation" - those born in the 1970s, 1980s, and 1990s. Furthermore, he believes that the future development direction of the art market in the field of spiritual consumption will have characteristics such as "high entertainment value", "high added value", and "high subdivision" (Xu, 2014). *While many Chinese scenic spots are becoming increasingly homogenous, W Town stands out by incorporating contemporary art and cultural elements to create its own unique cultural IP. From a Theory of Scenes perspective, the scene of art consumption consists of art architecture, art culture, and scene experience, with distinct aesthetic characteristics that promote the creation of an artistic and cultural atmosphere, the gathering of artistic and creative people, and the stimulation of the vitality of cultural and artistic creativity, leading to the generation of scenes of creative production and consumption (Silver et al., 2007). The chief designer of W Town also emphasizes the importance of culture*

*and art traditions, stating that "‘scene’ and ‘realm’ are different concepts. The ‘scene’ of W Town is the foundation, and its culture is the ‘realm’." He believes that without these elements, W Town would be no different from other beautiful but soulless ancient towns in South China. By hosting its theater festival, W Town has created an art world unique to China's small towns and established its own cultural brand on a global scale.*

*In terms of artistic architecture, as mentioned previously, the chief designer of W Town intentionally incorporated cultural and artistic elements during the transformation of Xizha. These buildings and locations, with W Town's cultural representation, were designated as both indoor and outdoor public performance and exhibition spaces, providing more diverse areas for the theater festival. Furthermore, the high-quality art galleries, grand theaters, and contemporary art galleries in W Town not only bridge the gap between it and modern central cities, but also magnify its cultural characteristics.*

*Regarding art and culture, the chief designer of W Town invited modern artist Mu Xin, who believed that the revival of literature in all countries begins with small towns, and that W Town should pay more attention to this. This belief was in line with the philosophy of the chief designer of W Town, who stated: "I don't want to copy stylized things. I hope the restoration of the ancient town is not just red lanterns, but a symbol. I restore the old bottle with green wine in it." W Town has integrated contemporary culture and art through the theater festival, which, according to the chief designer, will differentiate the W Town*

*with a theater festival from those without one. He believes that "W Town has a stronger material foundation than other ancient towns. Instead of distributing dividends every year, the shareholders keep the money to build art galleries and theaters. Now, W Town has a theater festival, a contemporary art exhibition, and an Internet conference. It is not just a small town with traditional scenes of the southern region of the Yangtze River, but a town with profound content." W Town has established connections with the world's top drama, culture, and art circles through the theater festival and contemporary art exhibitions, attracting cultural and artistic creators from all over the world. As a vital platform, the theater festival and contemporary art exhibition of W Town successfully promoted its cultural and artistic atmosphere to the world, seized the hub of a new round of small town cultural development, and brought W Town to its current state.*

*Regarding scene experience, the Drama Festival in W Town takes full advantage of the unique human and natural environment of the water town, amplifies its cultural characteristics, and provides visitors with an immersive atmosphere of art scenes. During the festival, the entire W Town becomes a stage for performances, and all the people and activities here belong to a theatrical play. In addition to daytime, midnight, and invited performances, there are also master speeches, forums, and more than 2,000 carnival performances, greatly satisfying the artistic and cultural needs of tourists. Unlike theater festivals in other cities, first-class artists, actors, and stars stay*

*in W Town and mingle with tourists during this festival. Tourists may even encounter actress Brigitte LIN, actor Hugh, and famous painter Chen Danqing on the streets and corners of W Town, which significantly enhances the popularity of literature and art in W Town.*

*Through international festival activities, W Town enriches the inner cultural tradition of the ancient town, emphasizes its international IP, and uses the influence of cultural events to improve its popularity and promote its high-quality development.*

#### **4.3.5 High-quality Implementation and Management at the Construction Stage**

##### **(1) Focus on Upgrading the Infrastructure of Modern Community Standards**

As compared to typical modern communities and traditional ancient towns, cultural and tourism towns have more complex functions and higher standards of infrastructure requirements. These include high and low-voltage lines and wireless network facilities, water supply and sewage treatment, and waste sorting and transportation systems. *Each historic street block in W Town has been transformed to exceed the supporting basic living facilities of communities during the same period. For example, a water purification plant has been established, dual-circuit power supply construction has been implemented, and a rainwater collection and sewage treatment system that ensures uninterrupted power supply and rainwater diversion has been built. W Town was also among*



*the first to implement underground pipeline and wireless network coverage on a national scale. Its advanced high-quality infrastructure construction provides a guarantee for the sustained development of cultural and tourism towns.*

## **(2) Emphasize Ecological Environment Construction and the Development of Supporting Facilities that Balance the Needs of Tourist and Local Residents**

*W Town has overcome the shortcomings such as the fragmented functional setting of the current small towns and the respectively constructed supporting facilities, paying great attention to soil utilization, native vegetation protection and the preservation of traditional tree species. More than 6,000 local trees were transplanted during construction, and historic paddy fields, dry land, and surrounding villages (W Village) at the back of the historical street block were preserved. The green coverage rate grew from 17% to 45%, with the original river system was dredged and reorganized for nearly 7.8 kilometers, and an ecological embankment built for nearly 2.3 kilometers was constructed. At the same time, the existing cowsheds and duck coops were preserved to avoid the practice of turning cultural and tourism towns into urban parks and the streetscape of the city's water system. In particular, a pipeline-liquefied gas station was built, and the project of connecting every household to the gas pipeline was promoted in neighboring areas for the first time.*

## **(3) Improve Peripheral Road System and Large Supporting Facilities**

*W Town has comprehensively transformed the entire perimeter road and*

*bridges of the town area through government subsidies and special funds (derived from tax revenue sharing of the cultural and tourism town). The town also invested a total of 1.8 billion yuan in the renovation of building facades in the town's appearance coordination zone. In addition, direct buses to the high-speed railway station and airport have been opened, and new facilities such as a bus station, a town middle school, primary school, and elderly care facilities have been built. This focus on improving public social supporting facilities in cultural and tourism towns has created better conditions for the comprehensive and balanced development of the entire town, achieving "scenic area community, scenic town area" development.*

#### **(4) Implement Cultural and Tourism Town Planning and Strengthen the Classified Guidance of Cultural and Tourism Town's Core Area**

*W Town has revised and improved the overall planning of W Town three times, following the overall concept of "expanding new towns and protecting old towns". The town has implemented classification management for the design, construction, and construction of the core area, emphasizing the use of traditional materials, craftsmanship, and local professional craftsmen in the construction of historic buildings to ensure the overall coordination of old and new building facades. For the construction of the core protection zone and coordination zone, small-scale construction methods are used to highlight the flexibility of the town's space and the natural texture of the block. With the guiding idea of "small is beautiful" in construction management, the town*

*ensures a good landscape and scientific and reasonable distribution of space.*

#### **(5) Reformation and Innovation of the Construction Management System and Project Approval of Cultural and Tourism Towns**

*The W Town scenic area management committee has been established, and the government has been authorized to approve cultural and tourism town construction projects. During the construction phase, the government has established a management center that accepts project submissions and coordinates joint reviews with social experts. The quality, safety responsibilities, and obligations of various responsible entities such as engineering construction, surveying, design, construction, supervision, and monitoring are supervised according to national laws, regulations, and mandatory construction standards for the construction of buildings, steel structures, curtain walls, mechanical and electrical installations, refined decoration projects, outdoor projects, amusement facilities, and stage scenery. Construction sites are supervised, and the quality of the construction entity is monitored, and construction projects are completed and recorded.*

*W Town adheres to the environmental protection requirements for tourism project construction during the construction period, formulates environmental supervision work plans, clarifies implementation rules, establishes environmental supervision institutions, deploys on-site supervision personnel, extensively carries out environmental protection publicity and training, implements on-site inspections, regularly monitors environmental quality, and*

*effectively implements reporting systems, and environmental supervision meetings. During the final acceptance phase, the government organizes experts to independently inspect individual buildings and regional areas, conducts fire, planning, environmental, lightning protection, and archival inspections.*

## **(6) Information-based Management During Construction Process**

### **1) Establish a Comprehensive Information Platform**

*W Town extensively utilizes high-tech achievements during the construction process and maximizes the use of information and intelligent means to achieve engineering information sharing and improve construction supervision efficiency. W Town collects and connects relevant information from surrounding units and supporting projects through the comprehensive information platform according to project construction needs, such as connecting the W Town construction supporting pipe network with the municipal pipe network road and collecting information by connecting the lighting and greening plan of the scenic area with the surrounding municipal and highway greening projects. This establishes a unified command, unified disposal, and full-coverage construction process daily management and emergency linkage system, improving the management level and efficiency of the whole engineering project.*

### **2) Geographic Information System**

*W Town uses spatial data three-dimensional visualization technology to establish a full-space geographic element three-dimensional spatial database*

*for the core area above and below ground, throughout planning, design, construction, and completion, using a full-space and full-life cycle engineering management model. Through the establishment of the geographic information database, the core area above-ground three-dimensional scenes and underground pipeline data of W Town are presented in a real three-dimensional, three-dimensional, visual, multi-angle, and large environment, facilitating the comparison and deliberation of multiple construction design schemes and achieving integrated analysis and judgement of local planning and architectural design schemes with regional landscape, assisting in the smooth approval of construction project plans.*

#### **4.3.6 Tourist Experience Design in the Operation Stage**

With the rapid development of China's tourism industry and the rapid changes of the tourism market, the industry and scholars have laid emphasis on tourism experience. Among them, research by Xie (2011) proposed in the third edition of *Basic Tourism*, which suggests that tourism experience is "a kind of physical and mental pleasure that tourists acquire when deeply integrating into their current situation in the tourism world", which is fundamentally the comprehensive feeling that tourists had during their journey. This study believes that the essence of tourism is experience, and the root of tourism experience is tourists' psychological perception and satisfaction. The high-quality development of cultural and tourism towns should consider how to provide tourists with profound and excellent psychological perception at different stages

of the tourist experience, and how to make their experience more than their expectations.

As one of the top ten charming towns and international famous tourist destinations, W Town has been adhering to the operation and service concept of "releasing the greatest goodwill to every tourist" for more than 20 years and is committed to providing tourists with excellent tourism products and high-quality service. It has become a universally recognized model of China's scenic spot management and service for all visitors.

The system for providing high-quality experience in W town mainly includes several aspects: (1) **Tourist experience co-creation**, which formulates common goals, and take "service for the good, and release the greatest goodwill to every guest" as the mission and value of the whole enterprise; (2) **High-quality service management**, which provides high-quality products and services, and creating peak experience; (3) **Five-sense experience design**, which create a full-body and mind tourism experience; (4) **Manage tourists' Moments of Truth (MOT) at key moments**, which provides personalized tourism experience and constructs a high-quality experience assurance system.

### **(1) Tourists Experience Co-creation**

The service concept of tourism enterprises embodies the mission, values, significance, and common goal of the entire organization. By fulfilling this common goal, the enterprise can maintain a clear focus, unite the hearts and minds of employees, fulfill commitments to tourists, and ultimately establish a

strong corporate culture and positive public image. To achieve this, it is crucial for cultural and tourism towns to study, understand, and grasp the psychology and experiences of tourists, and develop corresponding reactions and countermeasures to effectively respond to changing tourist needs. This process contributes to the development of a cohesive and effective corporate culture in small towns.

*W Town's service concept centers around "releasing the greatest goodwill to every tourist," which focuses on developing all products, designs, and services around the tourist "experience." This concept is aimed at ensuring that all tourists who visit W Town have an unforgettable holiday experience that will make them want to return time and again. This service concept has become the corporate culture of W Town, as well as the common goal of all staff working in W Town, after more than 20 years of operation and accumulation.*

*Chen XH, the chief designer of W Town, once explained what makes a good scenic spot and a good destination. From a broad perspective, a good scenic spot should have a social responsibility to satisfy people's pursuit of a better life, create employment opportunities, develop a modern service industry, generate cultural effects, and make China's voice heard. The industry should also have market standards, diversified market demands, core competitiveness, and room for continuous growth. Two important factors to consider are the revisiting rate of the scenic spots and profitability. In the post-epidemic era, cultural and tourism towns, tourist attractions, and tourist products must focus on*

*developing their core competitiveness and connotation to attract tourists and remain successful in the market.*

## **(2) High-quality Service Management**

Exceeding visitors' expectations is crucial for creating an exceptional tourist experience, and excellent service is a key element in achieving this goal. To deliver outstanding service, it is necessary to pay close attention to all aspects of the tourist experience, fully understand their needs, and consistently uphold the corporate culture and values. In W Town, visitors are consistently impressed with the hospitality and quality of service provided. Some of the factors that contribute to W Town's reputation for excellent service include a quality service experience guarantee system, service standardization and refined management, and a closed-loop guest feedback mechanism.

### **1) Build a Quality Service Experience Guarantee System**

*A high-quality service experience requires a comprehensive service guarantee system, which should include customer feedback, quality standards, and an integrated service system. W Town has established a robust service guarantee system to ensure exceptional service delivery. Firstly, W Town collects customer feedback through various channels such as Dianping.com, Meituan.com, Baidu.com, Ctrip, and other platforms. In addition, it collects guest comments through weekly guest comment cards and telephone surveys. Secondly, W Town has developed service quality standards that focus on safety, goodwill, affection, and simplicity as the common goals of service. The service*



*standards are detailed and cover aspects such as how to greet and welcome visitors, how to actively engage with tourists, and how to maintain eye contact and a smile throughout interactions. These standards are integrated into all employee training to ensure that everyone abides by the guidelines. Thirdly, W Town has implemented an integrated service system that focuses on the employees who are the providers of the service experience. The company selects employees carefully and provides training on company policies, high-quality service delivery, and the right scenes to deliver the best experience. Scenes are also part of the service, and staff members guide guests to experience the scene and impress them with high-quality service. For example, the incense fair, acrobatics on boats, and pickles workshop are restored to showcase the historical culture, folk customs, and marketplace life of W Town, creating an immersive experience for tourists in the Shangri-la of the water town.*

## **2) Service Standardization and Refined Management**

*W Town is committed to standardized management and refined services, which includes everything from static protection to the reuse of historic blocks. Each post has a unified and standardized process, such as how often street lampshades are cleaned in the summer, how long sewers are flushed, and the number of rags in each homestay. Even the brands of soy sauce and rice vinegar are specified. All bars in the scenic spot have volume limitations and are inspected regularly by special personnel. Technical personnel undergo uniform training and pass an examination before signing contracts.*

*W Town's refined service is evident in the attention given to small details that may be overlooked but are essential to ensuring a high-quality experience for visitors. In the 1990s, W Town initiated a toilet revolution, requiring every toilet to be clean, sanitary, and odor-free. The toilets are equipped with tissue, hand sanitizer, hot water in winter, and ice in summer for men's sanitation facilities. Some toilets have cabinets for the disabled and bathrooms. Each toilet has an inspection record that cleaners carefully maintain, and inspectors check public toilets several times a day to ensure they are clean and tidy.*

*Umbrellas can be borrowed for free in the scenic area, and tourists have access to free hot water and tea in the volunteer home. After the outbreak of the epidemic, all hotel receptions and restaurants in the scenic area provide no-wash disinfection gel and alcohol disinfection wipes. Strong spray is used regularly for air disinfection every day in public areas, and chlorine tablet air sterilizers are installed in public toilets and elevators to provide visitors with peace of mind and an enjoyable holiday experience.*

### **3) Establish a Closed-loop Guest Feedback Mechanism**

*W Town places great importance on "visitor feedback" and has developed an effective system of guest consultation and self-rectification to improve service quality. The general reception, concierge, information desk, CCO, tour guide department, ticket office, Xizha community, and other departments collect tourists' opinions and suggestions on a daily basis regarding W Town and the scenic area's management, environment, facilities, services, as well as*

*suggestions on the company's theme activities, packages, and any other feedback information related to the scenic area. The W Town tourism website also provides a tourist feedback and Q&A channel. Additionally, a questionnaire survey is conducted to understand the issues that tourists are concerned about as much as possible.*

*Each day, the person responsible sorts out and submits guests' feedback to the company leaders, who review them every week and classify them for each department to address and rectify. This process ensures that all feedback is taken seriously and addressed promptly. By providing a platform for guest feedback and self-rectification, W Town can continuously improve its service quality and meet the evolving needs of its visitors.*

### **(3) Five Senses Experience Design**

According to Piaget's cognitive psychology research results, humans' external sensations are composed of 60% visual perception, 20% auditory perception, 15% tactile perception, 3% olfactory perception, and 2% gustatory perception. As a compound consumer product, tourism has the essence of "multi-sensory perception" and is a typical representative of the experience economy era. Tourists mainly obtain external information through sensory organs, which play an important role in shaping the tourism experience. Studies have shown that in the impression of tourism experience, visual perception accounts for 26%, auditory perception accounts for 23%, gustatory perception accounts for 19%, olfactory perception accounts for 17%, and tactile perception

accounts for 15%. How to design through five senses, allowing customers to feel high-quality service and obtain a holistic tourism experience, has become an important measure for the differentiation and competitive edge among cultural and tourism towns.

*Visual experience refers to the visual effects obtained by tourists through their eyes. Mr. Chen XH, the chief designer of W Town, mentioned: "What sets scenic areas apart? This place is more beautiful than other places. Our project pays the most attention to the integration of architecture and landscape. Tourists can blend in with the architecture and landscape. That is natural." In W Town, tourists can see pleasing scenery no matter where they go. These landscapes are carefully designed, including what tourists can see and what they cannot see, from buildings, streets, bridges, rivers, squares, venues, hotels, shops, to landscapes, greenery, lighting, signs, colors, materials, furniture, etc., all of which together form a visual feast. Among many Jiangnan ancient towns, W Town was the first to propose the concept of "environment first," burying various pipelines underground, installing flushing toilets for the town's residents, carrying out large-scale river dredging, repairing town roads, rearranging fire-fighting pipelines, and establishing a comprehensive "fire electronic intelligent early warning system." All these forward-thinking top-level planning and designs laid a good foundation for W Town's "visual" experience. Starting from unified architecture and style, W Town protects and develops material space through complex means such as demolishing unsightly*

*buildings, restoring valuable buildings, and constructing new buildings with art and culture, protecting, and inheriting traditional culture in the form of art galleries, museums, and drama festivals. W Town mainly includes different types of buildings such as cultural and entertainment buildings, religious buildings, and memorial buildings, providing tourists with a characteristic "Jiangnan water town-style" visual experience.*

***Auditory experience** refers to the sensory perception that tourists obtain through their ears. With the development of industrialization, people living in bustling cities increasingly yearn for a peaceful and gentle auditory experience during their travel. In terms of auditory experience, tour guides' explanations, communication with service personnel, rolling videos of scenes from the life of famous singer Liu Ruoying, the sound of flowing water, the sound of theatrical performances, the sound of rowing boats, the morning tea customers, the W Town dialect, and the bustling sounds of streets and alleys present a very three-dimensional W Town for tourists. The sound of oars can be heard when a wooden boat crosses the rivers in W Town. Many literati have described it in their poems, such as "Thickly dotted bridges span the river network, and the sound of oars is heard in the setting sun." This is a typical sound landscape. In addition, W Town's folk customs and cultural activities offer visitors a sound experience, such as dialects, long-street banquets, overwater fairs, and silkworm customs. In Dongzha, acrobatics are performed on boats every day, providing tourists with a rich visual and auditory experience. The opera and*

*storytelling in W Town's folk literature and art provide a unique auditory feast for tourists.*

***Olfactory experience** refers to the experience tourists perceived through the aroma of tea, wine, pastry, flowers, local snacks, intangible cultural heritage, and fresh air, which will convey the message of a Jiangnan Watertown to the tourists.*

***Tactile experience** refers to the perception and experience of tourists through physical contact with the environment and objects, such as bridges, stones, rooms, beds, and workshops. W Town has been a prosperous commercial hub since ancient times, with dye houses, taverns, tea houses, and silk shops all having a certain reputation. Nowadays, they are still operating in W Town. Additionally, renovated places like the Zhaoming Academy library, cafes, bars, spa health centers, fragrance studios, and preserved barber shops and shoe repair booths, offer tourists a rich experience in tactile, auditory, taste, and olfactory senses. Whether walking on the bluestone alleyways of W Town or touching the bricks and tiles of a small bridge, tourists can feel the thickness and charm of history. At the overwater fair in W Town's Xizha, tourists can purchase local fruits, meats, and other products, all of which provide rich tactile experiences.*

***Taste experience** refers to the dining experience of tourists through their taste buds. Restaurants, homestays, Jiangnan cuisine, diverse dining, and standard menus meet the diverse taste needs of tourists from all over the country*

*and even the world. During the Spring Festival period every year, the long-street banquet is held in W Town's Xizha. In addition, specialty snacks such as "sister-in-law cake" and braised lamb bring tourists a rich taste experience.*

#### **(4) Manage tourists' Moments of Truth (MOT) at Key Moments**

The Moments of Truth (MOT) theory was developed by Jan Carlzon, former CEO of Scandinavian Airlines. According to this theory, the moments when customers come in contact with various aspects of a company are critical in shaping their overall evaluation of the brand. Western scholars consider MOT to be an effective way of improving service quality. In the context of tourism, the customer's evaluation of their experience is not an average score but is determined at critical moments during the trip. A tourism experience is made up of various components, and the failure of any one of them can significantly diminish or even negate the value of the entire experience. As a result, cultural and tourism towns must have a comprehensive understanding of the entire tourism experience cycle, create rich and engaging experiences for tourists at each key touchpoint, and ensure effective connectivity between these points.

*W Town focuses on managing the MOT for tourists, analyzing, and effectively controlling the factors that affect tourists' satisfaction throughout the entire tourism process, ensuring that tourists have a good experience at every touchpoint. By using keen insight and paying attention to customer feedback, W Town creates more surprises and delights to increase tourist revisit rates.*

*W Town always starts with "excellence" to enhance the experience and*

*values every tourist's psychological feeling. From the moment tourists enter the town until they leave, every touchpoint with W Town is carefully managed by tour guides, CCOs, homestay managers, and all staff members to provide exquisite and immersive experiences through stable service quality and unexpected delights.*

*Firstly, the MOT concept is instilled in employees, encouraging them to pay attention to and utilize every touchpoint with tourists to provide personalized and thoughtful services, creating unique experience moments.*

*Secondly, personalized, and humanized services are provided to create valuable MOT. W Town designs the overall experience by considering the human senses and feelings as a priority. Service staff should always pay attention to tourists' needs and provide timely assistance, including personalization services such as homestay hosts greeting guests, seasonal menus, customized breakfasts, one-on-one services from CCOs, cleaning management, free hot water, affordable mineral water, winter cotton pads, ginger tea, and more. Simplification services, such as the one-price package offered by W Town, including hotel, tickets, meals, and tours, reduce the hassle of communication and purchasing during the entrance process.*

*Lastly, dynamic inspection and control of the MOT are implemented. Resident managers, housekeepers, and service staff perform dynamic inspections of the areas they are responsible for, appearing frequently on the front lines to handle complaints and appease customers.*



*In addition to requiring all merchants to treat customers with kindness and attention to detail at all moments of truth, W Town has also set up two volunteer service points where tourists can enjoy free hot tea, charging, renting umbrellas, repairing shoes at a low price, and obtaining various consulting services as part of the town's convenient measures for tourists.*

#### **4.3.7 Brand Marketing in the Operation Stage**

##### **(1) Differentiated Brand Positioning**

Establishing a unique brand and image for a destination is crucial to differentiate it from competitors in the tourism market. By leveraging their unique features and positioning their brand image effectively, destinations can gain a competitive edge and ensure long-term success in the industry.

*Located in the densely populated Jiangnan region of ancient towns, there are many small towns like W Town. W Town was able to become a leader in Chinese ancient towns and the tourism industry by finding a unique and vital foothold – a distinctive cultural brand image. According to research by Ge Lei (2014), "W Town is an exemplar of the deep integration of culture and tourism. With the power of culture and capital, W Town has regained vitality." By deeply excavating the cultural and tourism function and cultural attributes of tourism, W Town vigorously collects and organizes folk cultural heritage, reproduces regional folk characteristics, creates a distinctive national culture, and further realizes the shaping of a differentiated brand image.*

*W Town's differentiated brand positioning includes both traditional and*

*modern cultural factors. W Town has a history of over 1300 years and preserves a rich cultural heritage and diverse traditional customs. At the same time, many celebrities have emerged from W Town, such as Prince Zhao Ming, who compiled the earliest collection of poems and prose in China, Shen Ping, who compiled the earliest town chronicles in China, Yan Duhe, a pioneer of journalism, Mao Dun, a famous modern writer, and contemporary writer Mu Xin, which constitute W Town's profound cultural heritage (Jiang Ling, 2019). With the help of celebrity cultural resources, W Town has created a variety of tourism formats. Mao Dun's former residence, which has been restored to its original state, has become the largest celebrity cultural space in W Town. The Mu Xin Art Museum has become a new and fashionable cultural landmark in W Town and has successfully helped W Town's transformation and upgrading, transforming it into a "cultural town" and one of the core elements that distinguishes W Town from other ancient towns.*

*In 2013, the W Town Drama Festival further integrated traditional water town culture and modern international culture, targeting China's rapidly rising young middle-class consumers as its main service audience, creating an international modern drama art carnival. This attracted various talents, funds, and technologies, relying on the triple synergy of the government, enterprises, and residents to form brand advantages and effectively promote the high-quality development of W Town's economy, culture, and society. The W Town Drama Festival has successfully opened a new development path for W Town's*

*transformation and upgrading, creating a new "W Town culture."*

*In addition, W Town has different positioning expressions for different customer source markets. For overseas tourists, W Town emphasizes Chinese characteristics and reflects traditional culture. For northern tourists, it emphasizes the Jiangnan water town features of "small bridges, flowing water, and people's homes" and promotes W Town as an authentic "water town". For urban residents, W Town focuses on the rural brand. After continuous market segmentation, W Town targets Shanghai and Jiangsu and Zhejiang regions as its target audience and attracts tourists through the promotion of "the same ancient town, but a different W Town". W Town constantly builds on its unique advantages and is at the forefront of consumer mind share in the homogenized competition of ancient town tourism.*

## **(2) Progressive Marketing Strategy**

For a tourism destination brand, its positioning should not only focus on accuracy, communicability, brand personality, and spreadability, but also consider the life cycle stage of the destination itself and develop corresponding brand strategies according to different development stages. In the following, W-town's brand marketing strategy development will be introduced from three stages: brand incubation, brand growth, and brand extension.

First, extend the brand value and explore new growth areas. The incubation stage is the first time the brand faces customers or participates in competition, and it is also a new starting point for the company to introduce brand

management concepts. For the launch of a new brand, the target customer's reactions are bound to vary greatly – including indifference, attention, experimentation and becoming a brand advocate.

*In the beginning, W Town targeted the markets in Shanghai, Hangzhou, and Suzhou as its primary customer sources. In 2001, the chief designer Chen XH invested one million yuan in buying the naming rights for the firework shows of "West Lake International Expo". As the most popular brand project at the West Lake International Expo each year, the fireworks show attracted over 500,000 on-site spectators and was broadcast live on television in 43 countries. At the end of the fireworks show, the scene of the "W Town Cultural Rhyme" appeared in the sky above West Lake. In 2005, W Town signed a contract with CCTV Jinqiao International Advertising, and in 2007, it signed a contract with Shanghai Dragon TV to broadcast W Town advertisements during prime time, thereby creating the W Town tourism image. W Town's advertisements were also posted from the international airport entrance to the Shanghai subway entrance. From being unknown to rising to fame, W Town only spent half a year to achieve the sales achievements of other scenic spots accumulated in nearly 10 years.*

*Opening up the international market in the brand growth stage is a higher-level strategy to promote and publicize W Town. The marketing team of W Town has visited Europe, Japan, Africa, Southeast Asia, Hong Kong, and Macao to promote activities such as "Experience Being a Chinese for a Day and Celebrating the Chinese New Year" and participated in major international*

*tourism exhibitions such as ITB Berlin and WTM in London. The exhibition booths were uniquely designed with black bricks, small tiles, and Ma Tau Wall as the background, comprehensively displaying the picturesque ancient town south of the Yangtze River, offering regional snacks and other activities. They showcased the image of W Town in a comprehensive way through visual, taste, and even olfactory experiences. Through comprehensive image packaging, they attracted media attention and overseas visitors, achieving a good and precise communication effect.*

*Focus on word-of-mouth and attracting repeat visitors. Since W Town invited Singer Liu Ruoying to be its spokeswoman and shot its tourism publicity video, W Town has been recognized and garnered more attention. As a growing brand it already has a high level of brand awareness. The next step is cultivating reputation and loyalty and effectively managing customer word-of-mouth and expectations. W Town places great emphasis on service quality, with overall management of hotels, restaurants, and businesses, and building standardized services. By creating inns with star-rated resort standards, it provides visitors with a comfortable experience and creates unexpected touches and surprises. After more than 20 years of deep cultivation in the market and brand, W Town has achieved a repeat visitor rate of over 40%, far higher than the average repeat visitor rate for domestic scenic spots. Furthermore, W Town recruits "Experience Ambassadors" from society all year round, inviting social influencers to play in the scenic area, and offering many benefits such as free*

*accommodation, activity experiences, etc. For old customers, W Town holds tea parties, salons, or other entertainment forms to gather and communicate, learn their opinions and ideas, establish emotional connections, and encourage them to promote and recommend tourism products.*

*In the brand extension phase, W Town uses its original brand in markets beyond tourist destinations to create greater market space and new profit models. In 2013, W Town planned the "W Town Drama Festival", which attracted many drama performers and enthusiasts and created a strong artistic atmosphere. Prior to launch, the festival was publicized through official websites, microblogs, online news, online forums, and other channels. During the event, the media was invited to follow up and report on it, conduct interviews, and maintain its popularity. W Town cooperated with mainstream video websites such as iQIYI and Tencent Video to open a special area, actively using emerging social media to open up online live broadcasting and expanding its influence. In addition, online and offline audiences were encouraged to participate in communication and promote it through virtual communities such as microblogs, forums, and post bars, and actively guide community members to discuss and forward it. This strategy allowed the information to spread quickly like a virus, reaching high popularity in a short time. During the festival, it was difficult to book hotels or buy tickets, and venues were packed out (Li, 2015). Since 2014, the World Internet Conference has continuously expanded W Town's brand influence, and the brand image has been upgraded to an*

*unprecedented height. During the conference, it was referred to as "W Town Time" by the world. As an international cooperation platform for communication with the world's internet, the conference attracted many scholars, guests, Chinese and foreign journalists, and gained attention in the off-season. Although lasting only three days, the first World Internet Conference brought 900 million yuan in income to W Town, accounting for 31% of the annual business of the service industry in W Town. Despite having a history of thousands of years, W Town knows how to transform and upgrade with the pace of the times. The permanent settlement of the World Internet Conference has created an opportunity for W Town's internationalization, reaching a height that other small towns in China cannot keep pace with.*

#### **4.3.8 Content and Product Innovation in the Renewal Stage**

W Town adheres to the concept of “systematic experience, sophisticated facilities, refined services, and intelligent management” by constantly renewing tourism content, innovating tourism products, and iterating management modes. This has allowed the town to navigate through periods of economic recession and achieve sustainable, high-quality development. W Town is now in the renewal stage, constantly improving and evolving to meet the needs and expectations of its visitors.

##### **(1) Content Renewal**

*W Town relies on the resource advantages of its ancient town to renew resource utilization methods and content while protecting unique regional*

*cultural elements and rich historical relics. In the process of renewal, W Town emphasizes the key design point of "inheriting and continuing cultural characteristics" (Hu, 2004), thus "reviving historical space" (Jin, 2016). While protecting cultural relics and historical sites, W Town upgrades from the initial static protection of buildings and improves scenes to create interactive museums, hotels, restaurants, shopping shops, and other places. For example, the overwater fair, which mainly displays traditional scenes, has been upgraded to an experience place for morning tea. The sculling boats, which originally featured transportation tools with a single function, have been upgraded to breakfast and afternoon tea venues. Through renewing and using traditional space, W Town continues its traditional cultural characteristics and unique historical context in a more vivid way, realizes the transformation from form to substance, from architecture to connotation, and vitalizes renewal and development.*

*W Town also pays attention to traditional culture reservation. While deeply exploring traditional culture and refining its essence accurately, it is committed to renewing and reusing culture, and innovating and activating intangible cultural heritage. To enrich and upgrade cultural products and enhance tourism experience and participation, W Town emphasizes "creative inheritance to integrate history and culture with modern life" (Liu et al., 2022), and realizes cultural extension through updating tourism content. For example, W Town once had intangible cultural heritage sightseeing projects only. To further*



*attract young tourists and effectively activate and innovate culture, it has introduced contemporary art exhibitions, W Town Theatre Festival, and other activities to realize the iterative updating of tourism content and complete the phased process of traditional culture through protection, innovation, sustainability, and high quality.*

*A "living" ancient town's true vitality should stem from a continuous source of cultural energy. On the one hand, W Town restores and regenerates spatial functions by protecting traditional architectural space; on the other hand, it realizes the "activation" and upgrading of culture by protecting traditional culture and endowing new cultural connotation. By continuously elevating cultural and connotative objectives in the phased process of cultural and tourism town construction, W Town achieves sustainable and everlasting vitality. In the view of W Town's operator, a cultural and tourism town needs continuous extension of cultural objectives and enhancement of connotative objectives to truly achieve long-term, high-quality development. As W Town's core cultural product, the W Town Drama Festival has transformed W Town from a "genuine waterside residence" into a cultural town with a unique cultural and artistic connotation. W Town has also expanded from the original theatre festival to a broader range of art and culture fields, such as contemporary art exhibitions and future visual culture, and has become a long-term cultural and art platform with cultural and artistic character and agglomeration effect.*

## **(2) Product Renewal**

In the face of the development trend of the tourism consumption market, the supply system of tourism products is facing structural reconstruction. The structural transformation and upgrading of tourism products involve the combination of different types of tourism products and the development of elements of the same tourism product to a more advanced state (Men, 2018). By adopting the "1.0 model," "2.0 model," and "3.0 model," W Town has achieved continuous evolution and upgrading of its tourism products, transforming from a state where Dongzha served as the main source of income to a state where Xizha became the main source of income for leisure, holiday, and cultural experiences. Through continuous innovation, adjustment, and optimization of the tourism product structure of the cultural and tourism town, W Town realizes the iteration and upgrading of traditional sightseeing products, leisure and holiday products, and special products such as culture, art, conference, and exhibition. Art serves as an expression medium of local culture (Tao, 2022). The W Town Drama Festival has become a symbolic and iconic cultural artistic product that has influenced the construction and development of the art and cultural brand of W Town, rather than just a mere event.

*As the product structure is upgraded and improved, W Town focuses on tourism product implementation, proposing that high-quality tourism experience is currently the pursuit of tourists for a more stylish way of life. Industrial transformation and structural upgrading can increase the added value of tourism products (Yang & Guo, 2021). Under this concept, W Town*

*focuses on the characteristics of different tourism products, aiming to provide more unique tourism experiences for tourists with different needs. The tourism products of W Town are moving towards personalization, customization, and quality, further clarifying the positioning of each tourism product. For different special tourism markets such as parent-child travel, study tour, family travel, conference travel, W Town provides systematic and customized solutions in a one-stop way.*

*Culture is the lifeblood of tourism products (Pan, 2017). In recent years, W Town has been committed to continuously enriching its lifestyle and cultural soft power of cultural and tourism town through cross-border cooperation and other methods to improve the added value of tourism products, enhance cultural cohesion and competitiveness of tourism products. For example, W Town works with Baidu to promote the daily operation of Baidu driverless cars on public roads in W Town; W Town and Zhenzhen Laolao have cross-border cooperation, jointly organize the “100 Zong” carnival during the Dragon Boat Festival, adding new meaning to traditional folk experience activities; W Town and Tencent iGame cross-border cooperation, established e-sports cafe in W Town and held regular amateur matches. W Town Culture Co., LTD., and the School of Sculpture and Public Art of China Academy of Art, hosted the “Step Environment” Granary Art Exhibition; “W Town Meta-Universe City Experience Hall” is jointly created by the town government and China Communications Investment as the first experience museum with the attribute*

*of meta universe in China and the display window of “National Digital + Civilized World”. W Town creates new aesthetic experiences and cultural perceptions through information exchange and cross-border cooperation with different fields and brands, realizing the iteration and upgrading of products by integrating and permeating with each other.*

### **(3) Management Model Renewal**

As the development of information technology continues to advance, it has brought about constant improvements in the management mode of the tourism industry. The iterative upgrading of the management mode has helped to transform the tourism industry from a labor-intensive mode to an information-based, efficient sharing mode. In the daily operation and management of W Town, the town constantly seeks to update and change its management mode by introducing information systems and digital means to improve management efficiency. This has led to the formation of a clear comprehensive system that integrates foreground website display with background management. Digital means have made the management mode of W Town more scientific, enabling it to shift from a passive response to an active solution (Li, 2020), visualizing management and facilitating dynamic real-time management. This has created a coordinated, integrated, and complementary management pattern that ensures the sharing, efficiency, and openness of management work, making the management intensive and systematic.

*In the e-ticketing reservation process of W Town, the advantages of*

*integrated marketing and online marketing are fully utilized by integrating and sorting information such as the number of guest rooms and combining online and offline marketing. W Town has transformed from a single hotel marketing management to the overall marketing, operation, and management of all hotels in W Town. Tourists can compare and filter all hotels and homestays in W Town through the e-ticketing system or WeChat mini-program. Moreover, the hotel reservation information from major online travel agencies (OTAs) is directly pushed to the offline system, and the information from the offline system is synchronously pushed to major online travel agencies. By establishing a visualized, efficient, and convenient reservation system, W Town effectively improves the efficiency and quality of its operation work.*

*W Town also focuses on iterative updates for internal management methods and provides sufficient information support for efficient and systematic operation by building a precise internal management system. Through digital means, W Town systematically displays the management efficiency and economic benefits of different departments. For example, W Town completes the unified procurement and distribution of materials and food through a procurement system to promote efficient integration and reasonable allocation of resources. By implanting chips in the bedding, digital management is realized to ensure clear work responsibilities and facilitate systematic assessment by managers. The digital information management system promotes the efficient achievement of W Town's management goals, continuously improving its*

*management efficiency and level.*

## **Chapter 5: Case Analysis Based on the Grounded Theory**

The objective of this study is to identify the key elements of high-quality development in cultural and tourism towns through the analysis of several case towns in China. The findings from the W Town model case study are validated and expanded upon. In order to conduct a comprehensive examination of domestic cultural and tourism towns, three representative cases were selected: Beijing Water Town, Nianhua Bay in Jiangsu province, and Hengdian Town in Zhejiang province. These cases exemplify the integration of cultural festivals and the tourism industry, the integration of the cultural and museum industry and the tourism industry, and the integration of the film and television industry and the tourism industry. In addition, this study also considers the following elements in the selection of study cases: (1) the development performance of the case in recent years; (2) whether the case is a typical cultural and tourism town; (3) the reputation of the case in recent years; and (4) the accessibility of site information. This study uses diversified means such as news reports and field interviews to collect more comprehensive and reliable information on the three case sites. Finally, nearly 10,000 to 40,000 pieces of textual information are collected for each case, which constitutes the original material for the analysis using the Grounded theory. This case study will decompose and compare a large number of data step by step according to the requirements of the Grounded theory, use concepts and categories to reflect the content of materials, and “split”, “segregate”, and reintegrate the data and the abstracted

concepts. In this study, Strauss's three-order coding, namely, open coding, axial coding, and selective coding are adopted.

## **5.1 Case Introduction**

### **5.1.1 Introduction to Beijing Water Town**

Beijing Water Town, located in Gubeikou Town, Beijing, is a natural ancient village that integrates landscape attribute and the town, which is rare in Beijing. Covering an area of approximately 10 square kilometers, the Beijing Water Town is a comprehensive leisure and tourist destination that offers sightseeing, entertainment, business exhibitions, and creative culture. Beijing Water Town is 100 kilometers from the center Beijing and is conveniently connected by highways. In addition, Beijing Water Town has made a night trip culture a new economic growth point, which is unanimously recognized by young tourists and foreign travelers.

The Beijing Water Town perfectly combines various creative elements such as "mountain," "water," "the Great Wall," "folk culture," and "the architectural style in the north" to create a comprehensive tourist destination that is "ornamental," "participatory," "experiential," and "practical." It has achieved international leadership in product design, international integration in marketing, and international synchronization in service standards, helping Beijing to build its name as a "World City." With its comprehensive facilities, attentive services, and diverse products, Beijing Water Town has risen to prominence in the tourism market in and around Beijing in just five years. A



series of tourism and holiday products based on "the Great Wall culture" and its night trip projects have solved the problem of a scarcity of high-quality holiday products in the tourism market of the Beijing-Tianjin-Hebei region and created an ideal living utopia for tourists different from their usual living environment. It also fundamentally optimizes the structure of the three industries in the Miyun district and enhances the level of intensification, innovation, and competitive advantage of the cultural and creative industries, making Miyun a truly strong tourism district.

Relying on the culture of the Simatai Great Wall, Beijing Water Town is divided into "six districts and three valleys," namely the Old Camp Site, the Water Streets Region, the Blocks of the Republic of China, the Old Village at Tang River Region, the Wolongbao Folk Culture Region, the Homestay Region, and the Eden Valley, the Yunfeng Cuigu, and the Houchuan Zen Valley. Beijing Water Town has 430,000 square meters of mountain courtyards dating back from the Ming Dynasty, Qing Dynasty, and the Republican period, with a total of 4 theme hotels, 10 boutique hotels, 28 homestay inns, more than 30 independent restaurants, more than 50 shops, and more than 10 cultural display and experience areas. In 2016, the number of visitors to Beijing Water Town exceeded 2.45 million, up 67% year-on-year, and the tourism revenue reached \$735 million, up 59% year-on-year, making it a tourist destination in Beijing and across China.

### **5.1.2 Introduction to Nianhua Bay Town**

Nianhua Bay, located on the shores of Taihu Lake in Wuxi City, Jiangsu Province, was developed as a leisure and vacation product based on the Lingshan Shengjing Scenic Area, and represents the conversion and transition of Lingshan Industrial Co., Ltd. from a tourist-oriented product to a leisure and vacation product. The Lingshan Shengjing Scenic Spot, which was awarded as a Grade 5A Scenic Spot in 2009, is one of the most representative attractions in Wuxi. Before the development of the Nianhua Bay project, the Lingshan Industrial Co., Ltd. had already constructed a tourism product with Buddhist culture as its core. The first phase of the site is the 88-meter high Lingshan Grand Buddha, which was inaugurated in 1997; the second phase is the Nine Dragons Bathing the Baby Buddha (a musical water show); the third phase is the Buddhist Temple (inside which there is the Ode to Good Fortune performance); and the fourth phase is the Wuyin Tan City. After 2012, Lingshan was identified as the permanent venue for the World Buddhist Forum. Taking the construction of the supporting facilities for the venue as an opportunity, Lingshan Industrial Co., Ltd. took the Buddhist “Zen culture” as the development theme and created the Nianhua Bay Town. With a focus on the development of night tourism projects and ancillary facilities for the venue, the company formed a product mix of touring the scenic area of Lingshan during the day and staying in Nianhua Town at night.

Nianhua Bay, a leisure resort town with Oriental Zen characteristics, is

located in the center of the Yangtze River Delta and on the Masan Peninsula, Nianhua Bay is about five kilometers from the Lingshan Grand Buddha Scenic Area and about 30 kilometers from downtown Wuxi. The project covers an area of 4,000 mu, with a construction area of approximately 1.3 million square meters. The total investment in Nianhua Bay is RMB 4,874 million. As of the end of March 2017, a total of RMB 4.355 billion had been invested. The project site has always been known as “clean air, clean land and clean water”, with an excellent ecological environment and natural scenery. Positioned as a complementary project to the Lingshan Buddhist Expo, Nianhua Bay mainly provides leisure and health-supporting functions. It has five functional areas, namely high-end meditation boutique hotel area, ecological wetland area, forum and conference center area, thematic commercial street area and resort property area.

### **5.1.3 Introduction to Hengdian**

Hengdian World Studios is in Hengdian Town, Dongyang City, Jinhua City, Zhejiang Province, which is situated within the four-hour tourism economic circle of Jiangsu province, Zhejiang province, Shanghai, Fujian, and Jiangxi province. Hengdian World Studios is a large comprehensive tourist area that integrates film and television, holiday, tourism, and sightseeing. It is rated as a national 5A tourist attraction due to its rich cultural heritage and unique historical scenes. Hengdian World Studios was built in 1996 and opened to the public for the filming of the historical film “The Opium War”. Since then,

Hengdian Group has invested a total of 3 billion yuan in building 13 film and TV shooting bases, combining architectural styles spanning a thousand years and bringing together the characteristics of the North and South, and 2 super-large modern studios.

Hengdian World Studios covers an area of 365 square kilometers, with a total construction area of more than 18,000 mu. As the only “national experimental zone for the film and television industry” in China, it has been called “Hollywood in China” by *Hollywood* magazine. At present, Zhejiang Hengdian Film and Television Industry Experimental Zone has attracted more than 1,800 film and television enterprises and artists’ studios, forming a whole industry chain of film and television culture, including creation, filming, production, distribution, trading, and derivatives development. Enterprises here produced a series of quality film and television works, such as “Nirvana in Fire”, “Empresses in the Palace” and “Monkey King: Hero is back”, which have successfully gone global and shown Chinese elements to the world. Hengdian is taking the approval of the Hengdian Film and Television Cultural Industry Cluster in Zhejiang Province as an opportunity to plan for the construction of a director’s village, a scriptwriter’s village, and a producer’s village. Hengdian is also vigorously promoting the construction of the Hangzhou-Wenzhou high-speed railway project and accelerating the construction of the airport and high-tech studio complexes to attract high-end talents. In addition, Hengdian is also actively promoting the construction of the Hengdian Film Academy to create a

platform for Production-Teaching-Research. Hengdian World Studios is working towards the goal of becoming a mega film and television tourism theme park, a unique dreamy city, and a city of happiness in China. At the same time, Hengdian World Studios is also actively planning the beautiful project of “Leisure Hengdian”. The implementation of the “Leisure Hengdian” project will change the content and way that tourists travel in Hengdian. After touring the various scenic spots, visitors can also go to the Hengdian Old Street to taste delicious food, go to the Flowerwood Villa to fish and barbecue, go to the Pingyan Cave for fitness and health, go to the Guangzhou Street and Hong Kong Street for hotel karaoke, go to the Huaxia Culture Park for competitive boxing, go to the Jiangnan Water Town for homestays, go to the resort villa for SPA and etc. The visitors’ trip to Hengdian will be comfortable, relaxing, enjoyable, and joyful.

In 2018, Hengdian World Studios broke the bottleneck by transforming its products, publicity, and sales, and received a total of 16.08 million visitors for the year, up 2% year-on-year; and received 370 film and TV series crews, up 26% year-on-year.

## **5.2 Open Coding**

### **5.2.1 Initial Conceptualization**

The first step in open coding is to translate the information of the three cases into concepts. This study firstly decomposes the text of the three cases in the form of paragraphs and sentences respectively and provides initial

interpretation of the events or phenomena reflected in each sentence or paragraph. As some of the phenomena are essentially the same or similar, this study further generalizes and conceptualizes these paragraphs and sentences. Specific information for the initial conceptualization can be found in the excerpts below. A total of 329 concepts (denoted by ax) were developed in the case of Beijing Water Town, 193 concepts (denoted by cx) in the case of Nianhua Bay Town, and 234 concepts (denoted by dx) in the case of Hengdian.

**Table 5-1 Example of the Initial Conceptualization Process for Beijing**

**Water Town**

<b>Original Text</b>	<b>Initial Conceptualization</b>
<p>For the Beijing Water Town project in Miyun, it was a coincidence that Mr. Chen XH was contacted (a1). When Mr. Chen XH came to this place, he was deeply attracted by the Great Wall culture here (a2). In addition, leaders of Beijing municipal and Miyun district governments paid close attention and provided support to this place which led the successful landing of the project (a3). Regarding the launch of the project, three aspects should be mentioned. First, in terms of resources, there are water systems and the Great Wall, so this place can develop with the Great Wall as its background (a4); second, in terms of the economic circle, this place is surrounded by the Beijing-Tianjin-Hebei region, which means the development can be concentrated within the two-hour economic circle from Beijing (a5); third, in terms of the hot spring resources, there are rich geothermal resources (a6). Firstly, it is closer to Beijing, which has the largest number of visitors to the scenic area (a7). Second, Simatai has a long history and rich cultural heritage, which is highly recognized by visitors (a8). The background and reasons for the launch of the project are that the construction of characteristic small (city) towns is an important platform for promoting structural reform on the supply side and is a key point for deeply promoting new urbanization and radiating the construction of new rural areas (a9). In order to further promote the construction of the</p>	<p>a1 Local government connects with entrepreneurs.  a2 Entrepreneurs are infected by Great Wall culture.  a3 the local government supports the project.  a4 Local water system and Great Wall resources  a5 Located in the Beijing-Tianjin-Hebei Economic Circle  a6 Geothermal resources  a7 Close to Beijing’s tourist source  a8 Excellent history of the Simatai Great Wall  a9 New urbanization construction needs.  a10 Local government’s</p>

<p>characteristic small (city) town, Beijing municipal and Miyun District government, based on the cultural and tourism development planning needs (a10), negotiated with China CYTS Tour Holding through the investment platform to build a comprehensive characteristic leisure international tourism resort destination with a variety of businesses and first-class services and facilities while protecting historical relics, thus creating a new tourism landmark in the outskirts of Beijing (a11).</p> <p>The reason for selecting the site is to protect the historical relics, benchmark the W Town scenic area and build a Jiangnan Town in the northern area (a12). Beijing Water Town is located at the foot of the Simatai Great Wall in Gubeikou Town, Miyun District, Beijing (a13). Gubeikou has been known for its majestic and dangerous military location since ancient times and is described in the <i>Miyun County Chronicles</i> as “the capital’s northern control of the border, with Songting, Gubeikou, Juyongguan as the main passes, and among them Gubei is especially important”. Beijing Water Town is the convergence of three natural ancient villages in the former Simatai region, with a pristine natural environment, precious historical relics, and unique cultural resources (a14). In the development and construction of Beijing Water Town, Chen XH’s team has always given priority to the preservation of cultural relics, the repair of ancient buildings and the reconstruction of infrastructure (a15). They aimed at building Beijing Water Town into a unique northern-style resort town at the foot of the Simatai Great Wall (a16). The cultural and tourism market is developing rapidly as Beijing has a large market capacity (a17), the Simatai Great Wall owns unique resources, and the environmental and water networks are superior here (a18). Firstly, its development is based on the company’s strategic development blueprint ---- “begin in W Town, but more than W Town” (a19). W town is only a starting point for the Group, and they aspire to build a holiday destination with a national/global chain like Club Med (a20). As the first off-site development model of the W Travel Group, Beijing Water Town has drawn on the advanced experience of Wuzhen Town in terms of planning and design, construction and development, management and operation, and marketing and promotion (a16). However, this "replication" does not mean an "unchanged" copy, but rather an organic updating and optimization of the W Town experience based on its regional cultural characteristics (the Great Wall) (a21), local customs and social environment (politics, business), and the core principles and rules remain unchanged (a22). The second reason is to fill the blank of the comprehensive high-end tourism destination in northern China (a23). Beijing, as</p>	<p>cultural development planning needs</p> <p>a11 Government connection with tourism companies to create new landmarks.</p> <p>a12 Preservation of historical heritages</p> <p>a13 Located at the foot of the Simatai Great Wall</p> <p>a14 Original ecological natural and cultural environment</p> <p>a15 Protection of cultural relics is given top priority by the company.</p> <p>a16 Creating a unique leisure town.</p> <p>a17 Beijing cultural and tourism market is huge.</p> <p>a18 Simatai Great Wall has unique resources.</p> <p>a19 Strategic blueprint of “starting from Water town, but more than Water town.”</p> <p>a20 Creating a national chain vacation destination.</p> <p>a21 Learning from Water Town experience.</p> <p>a22 Organic updating of the Water town experience</p> <p>a23 Lack of high-end resorts in the Northern China</p> <p>a24 Beijing lacks leisure products.</p> <p>a25 High-end holiday</p>
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<p>the capital of China, has rich historical and cultural resources and is also the administrative and cultural centre of China. However, despite the huge consumer market, Beijing lacks high-quality tourism service products, and its tourism industry still remains at the 1.0 sightseeing stage (a24). This means that its resources cannot be fully utilized to unleash their largest potential. Beijing Water Town relies on the World Heritage Site of the Great Wall, developing the Great Wall's sightseeing tour into an in-depth tour, creating a high-end tourist resort destination at the foot of the Great Wall with mountains, water, and the city as the carriers (a25). The last reason is to "occupy" the high ground of Chinese tourism, laying a milestone in its development. Given Beijing's location in China, the success of Beijing Water Town is of historic significance considering the future expansion of the national market. In China, Shanghai is a representative city in terms of economic development, and Beijing is representative in politics. Creating a tourism product in Beijing and at the foot of the Great Wall, which is recognized by the government and welcomed by the market, has a positive impact on smoothly developing projects including Wujiang Village in Guizhou, Zhangqiu City in Shandong province, Yixing City in Jiangsu province, Puyuan Town in Zhejiang province, Yanguan Town in Haining city, Kaiping City in Guangdong province... (a26). This is also a recognition of the professional ability of the development, construction, and operation team headed by Mr. Chen (a27).</p> <p>There are many tourist attractions in Beijing, but they are basically sightseeing spots. The Great Wall scenic spot is undoubtedly the most famous one among them, and travellers must go there if they came to Beijing, making it a famous name card for this capital city (a28). However, the current Great Wall tourism generally stays at the sightseeing level, with insufficient excavation of the connotations of the Great Wall culture, and most of the tourists just walk around, making it difficult for them to experience how profound the Great Wall culture is (a29). Besides, the limited tourist receiving capacity of the Great Wall often results in a poor visitor experience (a30).</p> <p>However, Beijing Water Town is backed by the Simatai Great Wall and sits on the Yuanyang Lake reservoir, which not only has a profound Great Wall culture, border culture, folk culture, and anti-war culture, but also has a good location as an important passage between Beijing and Hebei. Though it is located in the capital city, Beijing Water Town is at the corner, making it a quiet place in the hustle and bustle (a31). The quality of tourism services on the outskirts of Beijing is far lower than that of city life, which becomes</p>	<p>destination</p> <p>a26 The leading role of other projects</p> <p>a27 Capability of the development and operation team</p> <p>a28 Scarcity of Great Wall resources</p> <p>a29 Existing scenic spots do not dig deep into the Great Wall culture.</p> <p>a30 Insufficient volume of existing scenic spots</p> <p>a31 Unique location of the Simatai Great Wall</p> <p>a32 Tourism services in the suburbs of Beijing are lagging behind.</p> <p>a33 The government's development and protection of the Great Wall culture</p> <p>a34 Concept of New Countryside Construction</p> <p>a35 Extension of the Water town model</p> <p>a36 Resource differentiation</p> <p>A37 Close to the large customer source</p> <p>a38 Lack of high-end</p>
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<p>the reason to create a tourist resort that can serve the Beijing-Tianjin-Hebei urban rest cluster. The background and reasons for this decision include government relations regarding the development and protection of the Great Wall and tourism development (a33), local economic development and progress of new rural construction (a34), and the extension of the Water town model and sustainability of its operations (a35). The reasons for site selection: ① location advantages; ② dual brand positioning of Great Wall + water town, which is obviously different from others (a36); ③ lack of holiday resources in Beijing, a mega tourist source of nearly 30 million people with born high consumption advantages (a37). Market positioning: with the overall upgrade of domestic tourism demand and the rapid development of the tourism market, although Beijing has a huge tourism market capacity, there is no holiday destination to satisfy these tourism needs (a38). Location advantages: it takes 1.5 hours to drive from the center of Beijing, 2 hours to drive from Tianjin, and 2 hours to drive from Tangshan, so the traffic time is within the expectation of customers (a39). Resource advantages: with the Simatai Great Wall's peculiar and famous landscape as a backing, Beijing Water Town has natural advantages in developing its tourist contents and projects (a40); the natural conditions of the Tang River water system (a41) enable the management team to well draw on the successful design and operation experience of Wuzhen Water Town (a42). Choosing the site under the Simatai Great Wall is because the Great Wall can be used as the core attraction of Beijing Water Town (a43).</p>	<p>resorts around  a39 Traffic in line with customer expectations  a40 Unique Great Wall resource  a41 Tanghe Water System Resources  a42 Learn from Water town operation model.  a43 The Great Wall as the attraction</p> <p>A total of 329 concepts are formed.</p>
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Source: Grounded Analysis of This Study

**Table 5-2 Example of the Initial Conceptualization Process for Nianhua**

**Town**

<b>Original Text</b>	<b>Initial Conceptualization</b>
<p>(1) The location. The right time, right place and right people are important for us. We need to consider the location when developing projects, because location is very important for developing a good product (c1). ⊕ The demand of Lingshan for its transformation. At that time, the Lingshan project (Phase 1 in 1994-1997; Phase 2 in 2003; Phase 3 in 2009) was the first project we developed. Lingshan was a sightseeing spot, and we called it Shengjing, which means that it is a conversion from the Buddhist culture to a place of</p>	<p>c1 Key considerations for the location  c2 Need for transformation from sightseeing to sightseeing + holiday.  c3 Less affected by the cyanobacteria problem  c4 Abundant natural</p>

<p>interest. But the tourism development trend requires a place to transform from a scenic spot into a “scenic + holiday” tourism destination. It is also true for Lingshan, which also needs to transform itself from tourist attraction to a holiday tourism destination (c2). ② Site selection of Mashan. The first consideration is geography. Taihu Lake has a large number of cyanobacteria, which is a serious problem in the summer, because it is smelly. However, Mashan, a place with southeasterly winds in summer, is less affected by the cyanobacteria problem (c3). (2) Mountain and water resources. People are in a different mood when they are surrounded by mountains and rivers, so we need to choose a place located between the mountains and the water. And this place is the very one that has sufficient mountains and water resources (c4). (3) The local relocation volume was small. This area is called Gengwan village, and the volume of demolition and relocation is relatively small, because at that time this village only has about more than 300 households (c5). Secondly, this village had no running water, and was insufficient in infrastructure (c6). In addition, the requirements of the governance of Taihu Lake were considered. People here in the past discharged sewage directly into Taihu Lake, which is not good for the protection of Taihu Lake, so villages like this are also expected to be relocated considering the governance requirements of Taihu Lake at that time (c7). (4) This place has a topography with a symbolic meaning, and the scale is appropriate. In terms of topography, this place has five mountain bays, which look like a lotus flower and can be related to the Buddhist culture of Lingshan, so it is meaningful in topography (c8). In addition, as seen from the scale, the size of this place is also suitable. The coverage of this place was more than 1600 mu, of which 1200 mu can be used as the construction land (c9), and this place is close to and at the back of Lingshan (c10). (1) Considerations about the city: it is a second-tier city with economic potential (c11), easy access to transport (c12), and a beautiful natural environment (c13). (2) Industrial considerations: it has cultural tourism, residential and other composite businesses, with well-established education, health, and other supporting facilities (c14). (3) Ecological considerations: it can gain popularity relying on the quality tourism resources and geography (c15). (4) Resource reliance: this place has Zen culture and resort resources (c16), with a superior ecological landscape and good natural environment with 80% greenery coverage (c17) and was approved as a national tourism resort in 1992 (c18); there is a core tourism resort project with the Lingshan Grand Buddha as its pillar (c19). (5) State-owned</p>	<p>landscapes like mountains and waters.  c5 Small volume of demolition and relocation  c6 Improper infrastructure  c7 Protection against sewage discharge from Taihu Lake  c8 Buddhist culture is in line with that of Lingshan.  c9 Suitable size of land  c10 Proximity to Lingshan  c11 Location in the city has economic potential.  c12 Easy access to transportation  c13 Beautiful natural environment  c14 Composite mixed-use businesses  c15 Relying on quality resources and environment.  c16 Rich in Zen culture and tourism resources  c17 Excellent ecological environment  c18 Located in a national tourism resort.  c19 Own the core industry of Lingshan Buddha  c20 Reliance on local state-owned enterprises  c21 Have the resources and capital strength.</p> <p>A total of 193 concepts are formed.</p>
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enterprise resources: Wuxi Lingshan Cultural Tourism Group Co., Ltd. is a state-owned enterprise, and a state-owned cultural and tourism industrial group involving diversified cultural operations (c20), so it has certain policy resources, capital strength and asset operation capacity (c21).	
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Source: Grounded Analysis of This Study

**Table 5-3 Example of the Initial Conceptualization Process for Hengdian**

<b>Original Text</b>	<b>Initial Conceptualization</b>
<p>Hengdian Group was established in 1975 as a township enterprise, starting in the silk-making factory industry with only 2,000 yuan as its start-up capital. In the following phases, the group diversified its industries, venturing into the medical and health industry in the second phase, then into the film and cultural industry in the third phase, and finally into high-tech services, finance, and aviation industries in the fourth phase. Currently, the group has four major industries with six listed companies under its full control. Three of the companies are in the electrical and electronics industry, namely DMEGC Magnetics Co., Ltd., Tospo Lighting Co., Ltd., and Innuovo Technology Co., Ltd. One is in the pharmaceutical and health industry, Apeloa Pharmaceutical Co., Ltd., and one in the film and culture industry, Hengdian Entertainment CO., Ltd. The fourth industry is the high-tech service industry, which covers fields such as aviation, finance, education, and public utilities such as water and sewage plants. Nanhua Futures Co., Ltd. is a listed company under this industry. Hengdian Group's overall revenue last year was about 90 billion yuan, with its taxation accounting for 51% of the total tax revenue of Dongyang City.</p> <p>Hengdian Film and Television Industry Cluster was formerly known as the Zhejiang Hengdian Film and Television Industry Experimental Zone, approved by the National Radio and Television Administration in 2004, the Zhejiang Hengdian Cultural Film and Television Industry Core Zone approved by the Zhejiang provincial government in 2012, and the Zhejiang Film and Television Cultural Industry Cluster approved by the provincial government in 2018. The Deputy Directors of the Party Committee were all from government institutions, and the Director of the Party Working Committee is also the Secretary of the Dongyang Municipal Committee, guiding the development of Hengdian's film and</p>	<p>d1 Large-scale construction of film and television cities</p> <p>d2 Development of television and film business</p> <p>d3 Increasing demand for film and television culture.</p> <p>d4 Increasing demand for quality film and television culture.</p> <p>d5 Large filming demands</p> <p>d6 Large-scale construction of film and television shooting bases</p> <p>d7 Growth of the national economy</p> <p>d8 The increase in people's income</p> <p>d9 Rising proportion of tourism consumption.</p> <p>d10 Government encourages investment in tertiary industry.</p> <p>d11 Enterprises seek new growth points.</p> <p>d12 Artificial landscape construction</p>

<p>television cultural and tourism on behalf of the Jinhua Municipal Party Committee agencies and the provincial government.</p> <p>In the 1990s, film and television tourism emerged as an industry. A large number of large-scale film and television cities (d1) have been built across the country, rooted in historical, political, and economic reasons. The film and television industry has been developing since the implementation of China's reform and opening-up policy (d2). People's demand for film and television culture has become increasingly urgent (d3), and their demand for quality has also gradually increased (d4), leading to a golden period of development in the film and television market. However, traditional small-scale shooting bases and studios were unable to meet the demands of mass, large-scale film, and television productions, particularly after the launch of the Four Great Classical Masterpieces of China program by CCTV (d5). This prompted the urgent need to build large-scale film and television shooting bases (d6), leading to the development of film and television shooting bases such as Three Kingdoms City and Water Margin City.</p> <p>During the 1990s, China's economy continued to grow (d7), leading to an increase in people's income (d8) and a sharp rise in the proportion of tourism consumption (d9). The backwardness in tourism resource development and the increasing tourism consumption provided unlimited business opportunities for artificial landscapes. Additionally, the government encouraged investment in the tertiary industry (d10), and enterprises sought new economic growth points for development (d11), leading to a flurry of artificial landscape construction in China (d12). There are more than 10 projects like the construction of the "Journey to the West Palace". Investment in building film and television cities is more technical compared to ordinary artificial landscape development (d13).</p>	<p>d13 Investment in film and TV cities is high tech.</p> <p>d14 Located in an economically developed area.</p> <p>d15 Convenient transportation</p> <p>d16 Based on the development of film and television shooting bases.</p> <p>d17 Largest film and television base</p> <p>d18 Sightseeing</p> <p>d19 Diversified business development.</p> <p>d20 Core culture of film and television</p> <p>d21 Historical and cultural positioning</p> <p>d22 Experience and participation</p> <p>A total of 234 concepts are formed.</p>
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Source: Grounded Analysis of This Study

### 5.2.2 Normalization and Categorization

The concepts formed in the initial conceptualization step provided a foundation for the next step of categorization. This study standardized the initial concepts according to their interrelationships in each case. Afterward, the three

cases were integrated, and 65 categories were ultimately abstracted based on the normalization of the three cases. The categorization process is elaborated in the following excerpts of the normalization and categorization process in the table below.

**Table 5-4 Example of Normalized Coding for Each Case**

<b>Case Name</b>	<b>Initial Conceptualization</b>	<b>Normalization</b>
Beijing Water Town	a1 Local government connects with entrepreneurs.	A1 Government governance capacity (a1, a3)
	a2 Entrepreneurs are infected by Great Wall culture.	A2 Entrepreneurs' perception of resources (a2)
	a3 Local government supports the project.	A3 High quality natural resources (a4, a6, a14,a41, a45, a91)
	a4 Local water system and Great Wall resources.	A4 Location in a developed economic circle (a5)
	a5 Located in the Beijing-Tianjin-Hebei Economic Circle.	A5 Proximity to the custom source (a7, a37,a39,a87,a114,a173)
	a6 Geothermal resources.	A6 Unique cultural resources (a8, a13,a18,a28,a31,a40,a43,a90)
	a7 Close to Beijing tourists.	A7 Macro policy opportunities (a9, a10,a34,a104,a109)
	a8 Excellent history of the Simatai Great Wall.	A8 The concept of preserving historical sites (a12, a138)
	a9 Needs for new urbanization construction.	A9 Corporate awareness of cultural preservation (a15)
	a10 Needs of the local government fir cultural development planning.	A10 Large visitor market (a17)
	a11 The government cooperates with tourism enterprises to create new landmarks.	A11 Strategic blueprint of “Starting from W town, but more than W town” (a19)
	a12 Preservation of historical heritages.	A12 Positioning as a high-end holiday destination (a20, a25)
	a13 Located at the foot of the Simatai Great Wall	A13 Prior corporate experience (a21, a22,a26,a35,a42)
	a14 Original ecological natural and cultural environment	A14 Shortcomings of local products (a23, a24,a32,a38,a115)

	<p>cultural relics in the first place.</p> <p>a16 To create a unique resort town.</p> <p>a17 Beijing cultural and tourism market is huge.</p> <p>a18 The Simatai Great Wall has unique resources.</p> <p>a19 The strategic blueprint of “starting from W town, but more than W town”.</p> <p>a20 To build a national chain of holiday destinations.</p> <p>a21 Learn from the experience of W Town.</p> <p>a22 An organic update to the W town experience.</p> <p>a23 Lack of high-end resorts in the north.</p> <p>a24 Beijing lacks leisure products.</p> <p>a25 High-end holiday destination</p> <p>a26 The leading role of other projects</p>	<p>A total of 143 normalized codes are formed.</p>
<p>Nianhua Bay</p>	<p>c1 Key considerations for the location</p> <p>c2 Need for transformation from sightseeing to sightseeing + holiday.</p> <p>c3 Less affected by the cyanobacteria problem</p> <p>c4 Abundant natural landscapes like mountain and water resources</p> <p>c5 Small volume of demolition and relocation</p> <p>c6 Improper infrastructure</p> <p>c7 Protection against sewage discharge from Taihu Lake</p> <p>c8 Buddhist culture is in line with that of Lingshan.</p> <p>c9 Suitable size of land</p> <p>c10 Proximity to Lingshan</p> <p>c11 Location in the city has economic</p>	<p>C1 Located in a developed economic circle (c1, c11)</p> <p>C2 Shifting market demand for tourism (c2, c33,c34)</p> <p>C3 High quality natural resources (c3, c4,c13,c15,c17,c39)</p> <p>C4 Government support for land resource mobilization (c5, c9)</p> <p>C5 Shortcomings of local products (c6, c24,c36)</p> <p>C6 Government's need for ecological protection (c7)</p> <p>C7 Unique cultural resources (c8, c16,c95)</p> <p>C8 Close to the sources of visitors (c10)</p> <p>C9 Convenient transportation conditions (c12)</p>

	<p>potential.</p> <p>c12 Easy access to transportation</p> <p>c13 Beautiful natural environment</p> <p>c14 Composite mixed-use businesses</p> <p>c15 Relying on quality resources and environment.</p> <p>c16 Rich in Zen culture and tourism resources</p> <p>c17 Excellent ecological environment</p> <p>c18 Located in a national tourism resort.</p> <p>c19 Own the core industry of Lingshan Buddha</p> <p>c20 Reliance on local state-owned enterprises</p> <p>c21 Have the resources and capital strength</p>	<p>C10 Distribution of surrounding tourism businesses (c14, c18,c27,c28)</p> <p>C11 Introduction of other core industries (c19, c37,c38)</p> <p>C12 Capacity of the development team (c20)</p> <p>C13 Quality financial support (c21)</p> <p>A total of 90 normalized codes are formed.</p>
Hengdian	<p>d1 Large-scale construction of film and television cities</p> <p>d2 Development of television and film business</p> <p>d3 Increasing demand for film and television culture.</p> <p>d4 Increasing demand for quality film and television culture.</p> <p>d5 Large filming demands</p> <p>d6 Large-scale construction of film and television shooting bases</p> <p>d7 Growth of the national economy</p> <p>d8 Increase in people's income.</p> <p>d9 Rising proportion of tourism consumption.</p> <p>d10 Government encourages investment in tertiary industry.</p> <p>d11 Enterprises seek new growth points.</p> <p>d12 Artificial landscape construction</p>	<p>D1 Opportunities for the development of the film and television industry (d1, d2,d3,d4,d5,d6)</p> <p>D2 Upgrading of residents' consumption (d7, d8,d9)</p> <p>D3 Macro policy opportunities (d10, d11,d31,d32,d60)</p> <p>D4 Landscape advantages (d12, d13)</p> <p>D5 Location in a developed economic circle (d14)</p> <p>D6 Convenient transportation (d15)</p> <p>D7 Film and television industry foundation (d16, d17,d33,d34,d35,d36,d37,d38,d205 ,d206)</p> <p>D8 Diversified industry (d18, d19,d161,d163,d164)</p> <p>D9 Core culture (d20)</p> <p>D10 Ancillary culture (d21)</p>

	<p>d13 Investment in film and TV cities is high tech.</p> <p>d14 Located in an economically developed area.</p> <p>d15 Convenient transportation</p> <p>d16 Based on the development of film and television shooting bases.</p> <p>d17 Largest film and television base</p> <p>d18 Sightseeing</p> <p>d19 Diversified business development</p>	<p>D11 Immersive experience (d22, d86)</p> <p>A total of 98 normalized codes are formed.</p>
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Source: Grounded Analysis of This Study

**Table 5-5 Example of Normalized Coding for Each Case**

No.	Normalization	Categorization
AA1	<p>A9 Corporate awareness of cultural preservation</p> <p>A17 The government's cultural development and conservation awareness</p> <p>A126 Cooperative business model of villagers' enterprises</p> <p>C6 Government's need for ecological conservation</p> <p>C16 Enterprise awareness of attribute conservation</p>	Integration of government and enterprise functions
AA2	<p>A1 Government's govern ability</p> <p>A19 Favorable business environment</p> <p>A21 Improved municipal support by the Government.</p> <p>A37 Government's administrative support</p> <p>A38 Government's coordination of residents' relationship</p> <p>A39 Government's financial subsidies</p>	Government Coordination



	<p>C15 Government's improvement of supporting facilities. D22 Government's financial support</p> <p>D24 Government's improvement of municipal support</p> <p>D25 Government's policy support</p> <p>D26 Government's administrative support</p> <p>D87 Government support</p>	
AA3	<p>A2 Entrepreneurs' cognition of resources</p> <p>A30 Entrepreneurs' business awareness</p> <p>A129 Comprehensive ability of managers</p> <p>A136 Market sensitivity of managers</p> <p>C59 Comprehensive competence of managers</p>	Managers' Value Judgement Ability
AA4	<p>A22 Government support for land resource mobilization</p> <p>A127 Overall scientific management of land</p> <p>C4 Government support for land resource mobilization</p> <p>D27 Government support for land resource mobilization</p>	Asset Structure Design
AA5	<p>A3 Quality natural resources</p> <p>A6 Unique cultural resources</p> <p>A18 Scarce resources</p> <p>A27 Geothermal resource development</p> <p>C3 Quality natural resources</p> <p>C7 Unique cultural resources</p> <p>C19 Comparative advantage of resources</p> <p>C20 Availability of resources</p> <p>D4 Landscape advantages</p> <p>D16 Availability of resources</p>	Resource Uniqueness

	D17 Heterogeneous resources	
AA6	A8 The concept of preserving historic sites.  A59 Harmony between people, attribute and history  D21 Corporate participation in environmental governance	Sustainable construction concept
AA7	A4 Located in a developed economic circle.  A5 Close to the source of visitors  A35 Consumption in surrounding markets  A45 Surrounding tourism market situation.  A10 Large source market  C1 Located in a developed economic circle.  C8 Close to the source of visitors  D5 Located in a developed economic circle	Market dependence
AA8	A14 Shortcomings of local products  A16 Shortcomings of similar products  A44 Differences in quality of peripheral services  C2 Shift in tourism demand in the market.  C5 Shortcomings of local products  C47 Responding to the development of the times. D1 Opportunities for the development of the film and television industry  D2 Upgrading of residents' consumption	Market opportunity
AA9	A7 Macro policy opportunities  C14 Macro policy opportunities  D3 Macro policy opportunities	Policy opportunity
AA10	A13 Prior corporate experience  A11 A strategic blueprint for "Starting	Industrial dependence

from W-town, but more than W-town."	
A36 Tourism attractiveness of the city	
C11 Introduction of other core industries	
C55 Existing brand support	
D7 Film and television industry foundation	
D37 Leveraging film and television industry resources	

Source: Grounded Analysis of This Study

### 5.2.3 Category Naming and Connotation

After completing the initial conceptualization, normalization, and categorization steps, this study has yielded a total of 65 categories. These categories are used to express the meaning of various phenomena or behaviors as described by the interviewees. Through the integration of in-depth interview data, relevant literature, and the understanding of the Grounded Theory coder, this part of the study provides the name and explanation of each category. The details of these categories are presented in the table below.

**Table 5-6 Category Names and Connotations of High-quality Development of Cultural and Tourism Towns**

No.	Category Names	Category Connotation
AA1	Integration of Government and Enterprise Functions	During the project planning stage, the project design considers both the functional elements of enterprises, such as profitability, and the functional elements of the government, such as positive externalities.
AA2	Government Coordination	During the project proposal stage, government support and cooperation for project development should be

		considered. For example, whether assistance is provided to improve peripheral infrastructure and whether there is enough support for surrounding land resources.
AA3	Managers' Value Judgement Ability	The ability of senior management to judge whether a project has a high development value should be considered. This includes the ability of senior management to anticipate the development value of a project from multiple dimensions.
AA4	Asset Structure Design	Developer's clear division of operational assets and protective assets in the project, as well as an inventory of future usable assets during the planning stage.
AA5	Resource Uniqueness	The scarcity of natural resources and cultural resources in the project location within a certain range.
AA6	Sustainable Construction Concept	The project should be developed with sustainability as well as ecology and strong externalities as its core construction concept.
AA7	Market Dependence	The project is located in a good economic development and there is a customer source nearby.
AA8	Market Opportunity	The product positioning of the project has good market momentum during the planning period and is in a phase of rapid market development.
AA9	Policy Opportunity	At the project and planning stage, the government introduces relevant policies to support the development of cultural or special town projects.
AA10	Industrial Dependence	The project development team already has a foundation of development in a certain industry and has the resources to marry that industry with the cultural and tourism town.
AA11	Quality Financial Support	At the project proposal stage, the project development team makes development decisions and raises sufficient funds from various sources to finance the development.
AA12	Distribution of Surrounding Businesses	Other related businesses surrounding the project site, such as accommodation, catering, tourism, etc.
AA13	Transportation Accessibility	Various transport facilities are available or planned in the periphery of the project site.
AA14	Differentiated Product Positioning	After completing market research, the development team chose a product design solution that was different from the existing mainstream products.
AA15	Operation Model Design	During the project planning period, the development team designs the project operation model and implants the operation concept into the planning and design.

AA16	Product Design Model	During the project planning period, the development team designs the project product portfolio model and implants the product design concept into the planning and design.
AA17	Professional Team Capability	At each stage of the project, the development team builds the planning team, the construction team and the operation team with high quality and professional ability.
AA18	Infrastructure Layout	The infrastructure around the project site should be improved and the infrastructure within the project should be laid. The infrastructure includes water, electricity, Internet, transportation, etc.
AA19	Reasonable Business Layout	The completeness of the project's main business types and the rationality of its geographical distribution. The main business type includes six elements of tourism.
AA20	Activation of Cultural Connotation	The development team digs deep into the local culture and makes the intangible culture tangible and dynamic through various means.
AA21	Cultural Richness	The extent to which the project site is rich in cultural resources.
AA22	Differentiated Brand Positioning	After completing the market research, the development team selects brand operators with brand positioning different from the existing mainstream products to establish unique brand competitiveness.
AA23	Creation of Culture and Art Consumption Scenes	During the planning stage, the project developers have created a cultural and artistic scene through multiple means so that visitors can experience quality cultural and artistic edification.
AA24	Restoration of Cultural Sites	Based on the local culture, the development team restored cultural sites that should be part of the town scene, such as museums and libraries.
AA25	Creation of Lifestyle Consumption Scenes	The development team creates modern lifestyle facilities and uses other means to give visitors a taste of everyday consumer experience in a non-usual environment.
AA26	Complete town landscape	During the planning and construction phase of the project, the development team preserves the authenticity of the town and shaped the completed town landscape.
AA27	Modern Living Facilities	During the project planning and construction, the development team transforms the modern living facilities.
AA28	Business Model Design	The development team designs the business mix model of the project and implants the business model design

		concept into the planning and design.
AA29	Preservation of the Originality of the Landscape	In the planning and construction of the project, the development team uses vintage materials and restored the town to its original architectural appearance.
AA30	Aesthetic of the Landscape	The aesthetic experience that the town's landscape facilities bring to visitors.
AA31	Implantation of Various Cultural Forms	Local culture is embedded in the design of the project through various forms, such as the development of cultural and creative products, the restoration of cultural sites and cultural performance activities.
AA32	Harmonious Community Relationship	Harmonious coexistence between multi-stakeholders such as project developers, local residents, town service staff and visitors.
AA33	Informative Construction Process	The project builder manages the construction process by using intelligent software and hardware facilities during the construction of the project.
AA34	Low-carbon and Environmentally Friendly Project Management	Guided by the concept of environmental protection, the project builders reduce damage to the local ecological environment by using environmentally friendly materials and processes in the construction of the project; and using hidden pipeline networks to build water purification systems, etc.
AA35	Quality Control of the Construction	During the construction process, the project developer carries out real-time supervision and control of the construction process to ensure construction quality.
AA36	High Coordination Efficiency	Participate in inter-group information communication, work cooperation to coordinate efficiency at each project development stage.
AA37	Centralized Property Rights management	The project development entity has a high level of management authority over the various businesses and assets within the project.
AA38	Follow-up on customer needs	As the needs of the market clientele change, the development body follows up with research to capture changes in demand.
AA39	Diversified Profit Model	The project development team designs multiple forms of profit channels to build a diversified profit model.
AA40	Market Operation of Enterprises	According to the rules of the market, project development enterprises carry out resource allocation, including the acquisition and trading of factors of production (capital, labor, land, and entrepreneurs) and products of the enterprise, which are provided and determined by the market.

AA41	Precise Market Segmentation	The project developers divide the overall market into thousands of consumer groups, each of which is a market segment, based on distinctive consumer characteristics.
AA42	Progressive Marketing Strategy	Project development companies develop short-, medium- and long-term marketing strategies, and the marketing strategy will be adjusted at each marketing phase according to market changes.
AA43	Diversified Product Portfolio	The town contains a wide range of products, such as boutique hotels, homestays, fast food establishments, restaurants, boats, and other tourist products.
AA44	Content Renewal	As market demand changes, project development discards content that has a low strategic market rate and adds new content of interest to visitors to maintain the town's ongoing appeal.
AA45	Product Detail Management	The project developers focus on the quality of details that may have an impact on the visitor experience in the design and creation of the project's product.
AA46	Product Iteration and Innovation	As market demand changes, project developers discard products and profitability points that had low market strategy rates and add new products through innovation to maintain the town's continued appeal.
AA47	Five Senses Experience Design	Project developers create products from the five aspects of taste, smell, sight, hearing, and touch to bring high-quality experience to tourists.
AA48	Brand Equity	The added value that a brand gives to a product or service. It is reflected in the way to what extent consumers take the brand seriously, how they feel and how they act, as well as in the price, market share and profitability of the brand.
AA49	Quality Marketing Channel	The project has stable and diversified marketing and promotion channels to ensure the project's customer acquisition ability.
AA50	Quality Service Management	With a focus on quality service, the project operates with a range of activities to manage the service delivered by internal staff.
AA51	Customer Value Co-creation	Project operations are service led, allowing customers to participate in the service delivery process in a variety of ways, creating service value together with the company.
AA52	Key Moment Management	Every point of contact with a customer is a key moment. The focus is on appearance, behavior and communication, which affect customer loyalty and satisfaction. Project companies analyze the key moments and manage them in a targeted manner.

AA53	Degree of Service Specialization	The extent to which the service design and delivery of the project is unique and integrated with the cultural content of the town to create a point of difference from other projects.
AA54	High service standards	High service standards set by managers in project operations, including standard language training and assessment to ensure service quality.
AA55	Customer-oriented service concept	The project takes the satisfaction of customer needs and the addition of customer value as the starting point for service delivery. In the service process, special attention is paid to the satisfaction of customer consumption preferences, and this guides the design and delivery of service products.
AA56	Quality talent team	The project builds a talent team that is stable and whose abilities matches their positions.
AA57	Management Model Renewal	As projects innovate in terms of product and content, and as management techniques advance, project developers adapt unsuitable organizational structures and change their business management philosophy and methods to suit new products and content.
AA58	Quality Human Resource Management	The project operations team can ensure that the company has a stable workforce through appropriate staff recruitment, training, assessment and rewards and punishment.
AA59	Shop Quality Control	The project operation team ensures the quality and safety of the products offered by the merchandise through product differentiation management of the shops within the project, raw material control of the shops, product quality control and environmental inspections.
AA60	Intelligent Management System	The project development team lays out the infrastructure and applied the intelligent hardware and software to the internal operational management process and external customer service.
AA61	High Quality Visitor Experience	After the tourism experience in the project, tourists have a high evaluation on various hardware and software facilities, and a high sense of satisfaction and happiness.
AA62	Tourist Index	Various evaluation and behavioral indicators that visitors show after a project tour, such as visitor satisfaction, visitor loyalty and intention to return.
AA63	External Positive Feedback	The positive impact of the project development on the surrounding residents, local government, other local industries, and the economy.
AA64	External Industry Linkage	The project is effectively linked to the surrounding industries of the location, so that multiple industries are



		in the same industrial chain.
AA65	Economic Indicator	Indicators that can be used to evaluate the business efficiency after the project development, such as annual revenue, annual profit rate, annual number of tourists, etc.

Source: Grounded Analysis of This Study

### 5.3 Axial Coding

In this study, multiple concepts were formed in the open coding phase based on the analysis of the original texts collected from the three cultural and tourism towns, and 65 categories were distilled through normalization and categorization. The next step in the Grounded Theory coding process is axial coding, which involves linking and combining the categories based on the conditions, contexts, action/interaction strategies, and outcomes of the phenomenon analyzed. Axial decoding is mainly focused on gaining a better understanding of the categories and their relationships. Its main research tool is the paradigm model.

The paradigm model, consisting of six aspects - causal conditions, phenomena, context, mediating conditions, action/interaction strategies, and outcomes - is the main research tool for axial coding.

The categories extracted from the open coding are placed in the corresponding positions according to the requirements of the six aspects in the paradigm model. The primary category is the one that corresponds to the event and is further explained and illustrated by other categories. The conditions,

context, strategies, and outcomes are related categories that help understand the primary category and are therefore called secondary categories. The primary and secondary categories together support the author's overall understanding of the primary category.

It is important to note that, due to the complexity and interconnectedness of events, a given category may fulfill different roles in the paradigm models of different primary categories. For instance, a category AAx may serve as a causal condition in the paradigm model of the main category AAx, while the same category AAx may be an outcome in the paradigm model of the main category AAy. This means that the same category can appear repeatedly in different positions within different paradigm models, thereby facilitating a more thorough explanation and description of the primary category.

Using the paradigm model, eight main categories were derived for this study. And the paradigm model for each of them is shown below.

### **5.3.1 Primary Category I: AAA1 “Development Value Judgement”**

The primary category “Development Value Judgement” is composed of AA8 Market Opportunity, AA9 Policy Opportunity, AA64 External Industry Linkage, AA2 Government Coordination, AA5 Resource Uniqueness, AA7 Market Dependence, AA13 Transportation Accessibility , AA10 Industrial Dependence, AA12 Distribution of Surrounding Businesses, AA3 Managers’ Value Judgement Ability AA4 Asset Structure Design, AA17 Professional Team Capability, AA11 Quality Financial Support through the paradigm model. The

paradigm model and the relationship between the categories are shown in the table below.

**Table 5-7 Paradigm model of AAA1 “Development Value Judgement”**

Causal Condition	AA8 Market Opportunity AA9 Policy Opportunity AA64 External Industry Linkage	Phenomenon	AA2 Government Coordination AA5 Resource Uniqueness AA7 Market Dependence AA13 Transportation Accessibility AA10 Industrial Dependence
Context	AA10 Industrial Dependence AA12 Distribution of Surrounding Businesses	Mediating Condition	AA3 Managers’ Value Judgement Ability
Action/Interaction Strategy	AA4 Asset Structure Design AA17 Professional Team Capability	Outcome	AA11 Quality Financial Support

**5.3.2 Primary Category II: AAA2 “Top-level Architecture Design”**

The primary category “Top-level Architecture Design” is composed of by AA2 Government Coordination, AA1 Integration of Government and Enterprise Functions, AA4 Asset Structure Design, AA11 Quality Financial Support, AA17 Professional Team Capability, AA18 Infrastructure Layout, AA37 Centralized Property Rights Management, AA40 Market Operation of

Enterprises, AA6 Sustainable Construction Concept, AA32 Harmonious Community Relations, AA63 External Positive Feedback through the paradigm model. The paradigm model and the relationship between the categories are shown in the table below.

**Table 5-8 Paradigm model of AAA2 “Top-level Architecture Design”**

Causal Condition	AA2 Government Coordination	Phenomenon	AA1 Integration of Government and Enterprise Functions AA4 Asset Structure Design
Context	AA11 Quality Financial Support	Mediating Condition	AA17 Professional Team Capability
Action/Interaction Strategy	AA18 Infrastructure Layout AA37 Centralized Property Rights Management AA40 Market Operation of Enterprises	Outcome	AA6 Sustainable Construction Concept AA32 Harmonious Community Relations AA63 External Positive Feedback

### 5.3.3 Primary Category III: AAA3 “Development Model Design”

The primary category “Development Model Design” is composed of by AA14 Differentiated Product Positioning, AA40 Market Operation of Enterprises, AA15 Operation Model Design, AA16 Product Model Design, AA28 Business Model Design, AA17 Professional Team Capability, AA11 Quality Financial Support, AA19 Reasonable Business Layout, AA43 Diversified Product Portfolio, AA23 Creation of Culture and Art Consumption

Scenes, AA25 Creation of Lifestyle Consumption Scenes through the paradigm model. The paradigm model and the relationship between the categories are shown in the table below.

**Table 5-9 Paradigm model of AAA3 “Development Model Design”**

Causal Condition	AA14 Differentiated Product Positioning	Phenomenon	AA15 Operation Model Design
	AA40 Market Operation of Enterprises		AA16 Product Model Design
			AA28 Business Model Design
Context	AA17 Professional Team Capability	Mediating Condition	AA11 Quality Financial Support
Action/Interaction Strategy	AA19 Reasonable Business Layout	Outcome	AA23 Creation of Culture and Art Consumption Scenes
	AA43 Diversified Product Portfolio		AA25 Creation of Lifestyle Consumption Scenes

#### **5.3.4 Primary Category IV: AAA4 “Creation of Consumption Scenes”**

The primary category “Creation of Consumption Scenes” is composed of by AA16 Product Model Design, AA28 Business Model Design, AA14 Differentiated Product Positioning, AA23 Creation of Culture and Art Consumption Scenes, AA25 Creation of Lifestyle Consumption Scenes, AA20 Activation of Cultural Connotation, AA21 Cultural Richness, AA24 Restoration of Cultural Sites, AA27 Modern Living Facilities, AA31 Implantation of Various Cultural Forms , AA26 Complete Town Landscape, AA62 High Quality of Visitor Experience, AA62 Tourist Index through the paradigm model. The

paradigm model and the relationship between the categories are shown in the table below.

**Table 5-10 Paradigm model of AAA4 “Creation of Consumption Scenes”**

Causal Condition	AA16 Product Model Design AA28 Business Model Design AA21 Cultural Richness AA14 Differentiated Product Positioning	Phenomenon	AA23 Creation of Culture and Art Consumption Scenes AA25 Creation of Lifestyle Consumption Scenes
Context	AA20 Activation of Cultural Connotation	Mediating Condition	AA21 Cultural Richness
Action/Interaction Strategy	AA24 Restoration of Cultural Sites AA27 Modern Living Facilities AA31 Implantation of Various Cultural Forms	Outcome	AA26 Complete Town Landscape AA61 High Quality Visitor Experience AA62 Tourist Index

**5.3.5 Primary Category V: AAA5 “Construction Quality Management”**

The primary category “Creation of Consumption Scenes” is composed of by AA6 Sustainable Construction Concept, AA33 Informative Construction Process, AA34 Low Carbon and Environmentally Friendly Project Management, AA35 Quality Control of the Construction AA36 High Coordination Efficiency, AA18 Infrastructure Layout, AA27 Modern Living Facilities, AA26 Complete Town landscape, AA29 Preservation of the Originality of the Landscape, AA30 Aesthetic of the Landscape through the paradigm model. The paradigm model

and the relationship between the categories are shown in the table below.

**Table 5-11 Paradigm model of AAA5 “Construction Quality Management”**

Causal Condition	AA6 Sustainable Construction Concept	Phenomenon	AA33 Informative Construction Process AA34 Low Carbon and Environmentally Friendly Project Management
Context	AA35 Quality Control of the Construction	Mediating Condition	AA36 High Coordination Efficiency
Action/Interaction Strategy	AA18 Infrastructure Layout AA27 Modern Living Facilities	Outcome	AA26 Complete Town landscape AA29 Preservation of the Originality of the Landscape AA30 Aesthetic of the Landscape

### 5.3.6 Primary Category VI: AAA6 “Tourist Experience Design”

The primary category “Creation of Consumption Scenes” is composed of by AA55 Customer-oriented Service Concept, AA22 Differentiated Brand Positioning, AA38 Follow-up on Customer Needs, AA47 Design of Five Senses Experience, AA50 Quality Service Management, AA53 Degree of Service Specialization, AA51 Customer Value Co-creation, AA54 High Service Standards, AA56 Quality Talent Team, AA45 Product Detail Management,

AA52 Key Moment Management, AA58 Quality Human Resource Management, AA59 Shop Quality Control, AA48 Brand Equity, AA61 High Quality of Visitor Experience, AA62 Tourist Index, AA65 Economic Indicators through the paradigm model. The paradigm model and the relationship between the categories are shown in the table below.

**Table 5-12 Paradigm model of AAA6 “Tourist Experience Design”**

Causal Condition	AA55 Customer-oriented Service Concept AA22 Differentiated Brand Positioning AA38 Follow-up on Customer Needs	Phenomenon	AA47 Five Senses Experience Design AA50 Quality Service Management
Context	AA53 Degree of Service Specialization	Mediating Condition	AA51 Customer Value Co-creation AA54 High Service Standards AA56 Quality Talent Team
Action/Interaction Strategy	AA45 Product Detail Management AA52 Key Moment Management AA58 Quality Human Resource Management AA59 Shop Quality Control	Outcome	AA48 Brand Equity AA61 High Quality of Visitor Experience AA62 Tourist Index AA65 Economic Indicators



### 5.3.7 Primary Category VII: AAA7 “Brand Marketing and Promotion”

The primary category “Creation of Consumption Scenes” is composed of by AA38 Follow-up on Customer Needs, AA22 Differentiated Brand Positioning, AA42 Progressive Marketing Strategy, AA41 Precise Market Segmentation, AA40 Corporate Marketing Operations, AA14 Differentiated Product Positioning, AA43 Diversified Product Portfolios, AA49 Quality Marketing Channels, AA48 Brand Equity, AA62 Tourist Index, AA65 Economic Indicators through the paradigm model. The paradigm model and the relationship between the categories are shown in the table below.

**Table 5-13 Paradigm model of AAA7 “Brand Marketing and Promotion”**

Causal Condition	AA38 Follow-up on Customer Needs	Phenomenon	AA22 Differentiated Brand Positioning AA42 Progressive Marketing Strategy
Context	AA41 Precise Market Segmentation	Mediating Condition	AA40 Market Operation of Enterprises
Action/Interaction Strategy	AA14 Differentiated Product Positioning AA43 Diversified Product Portfolios AA49 Quality Marketing Channel AA48 Brand Equity	Outcome	AA62 Tourist Index AA65 Economic Indicator

### 5.3.8 Primary Category VIII: AAA8 “Product Content Innovation”

The primary category “Product Content Innovation” is composed of by AA38 Follow-up on Customer Needs, AA44 Content Renewal, AA46 Iteration and Innovation of Product, AA57 Management Model Renewal, AA14 Differentiated Product Positioning, AA39 Diversified Profit Model, AA60 Intelligent Management System, AA56 Quality Talent Team, AA61 High Quality of Visitor Experience, AA62 Tourist Index, AA65 Economic Indicators through the paradigm model. The paradigm model and the relationship between the categories are shown in the table below.

**Table 5-14 Paradigm model of AAA8 “Product Content Innovation”**

Causal Condition	AA38 Follow-up on Customer Needs	Phenomenon	AA44 Content Renewal AA46 Iteration and Innovation of Product
Context	AA57 Management Model Renewal	Mediating Condition	AA14 Differentiated Product Positioning
Action/Interaction Strategy	AA39 Diversified Profit Model AA60 Intelligent Management System AA56 Quality Talent Team	Outcome	AA61 High Quality of Visitor Experience AA62 Tourist Index AA65 Economic Indicators

## **5.4 Selective Coding**

The study has developed eight primary categories through the paradigm model. These categories have been derived from the original data through a step-by-step screening, streamlining, and refining process, and they represent the conceptual clusters within the data. There are certain associations between these categories, and the selective coding process links the primary categories and selects the core categories that characterize the entire theoretical storyline, in accordance with certain logical relationships.

### **5.4.1 Analysis of Primary categories and Their Relation Model**

In total, eight primary categories were extracted during the open and axial coding stages, namely: “Development Value Judgement”, “Top-level Architecture Design”, “Development Model Design”, “Creation of Consumption Scenes”, “Construction Quality Management”, “Visitor Experience Design”, “Brand Marketing and Promotion” and “Product Content Innovation”. These eight primary categories are formed through a level-by-level screening, streamlining and refinement of the original material, and they temporarily represent the conceptual clusters within the material, but their representational meanings are fragmented and need further integration. This subsection will sort out the relationship between the eight primary categories, and before which, the connotations and the attribute of the primary categories, the dimensions of the attribute, and the location of the dimensions will be

defined, to lay a conceptual basis for developing a new conceptual framework.

The “Development Value Judgement” refers to the judgement of the cultural and tourism town in terms of resources, market, transportation location and government coordination when establishing a project. The judgement is based on the measurement of its value to determine whether it has high value. The attribute, dimensions and location of the development value judgement are shown in the table below.

**Table 5-15 Analysis of the Attribute, Dimension and Location of the Primary Category “Development Value Judgement”**

Attribute of the Primary Category	Dimension of the Attribute	Location of the Dimension
Dimension of Judgement	Resource - Market - Transportation - Government.	Resource, Market, Transportation, Government,
Degree of Value	High Value - Low Value.	High Value

Source: Grounded Analysis of This Study

The “Top-level Architecture Design” refers to the design of the project asset structure and the design of government and market functions during the planning stage of building the cultural and tourism town. The attribute, dimensions, and location of the Top-level Architecture Design are shown in the table below.

**Table 5-16 Analysis of the Attribute, Dimension and Location of the  
Primary Category “Top-level Architecture Design”**

Attribute of the Primary Category	Dimension of the Attribute	Location of the Dimension
Asset Design Type	Protected Assets - Operating Assets.	Protected Assets, Operating Assets
Asset Segmentation Clarity	High - Medium – Low	High
Function Design Type	Government Functions - Market Functions.	Government Functions, Market Functions
Degree of Function Balance	High-Medium-Low	High
Degree of Structure Design Clarity	Good-Medium - Poor.	Good

Source: Grounded Analysis of This Study

“Development Model Design” refers to the design of the product model, operation model and business model of a cultural and tourism town during the planning stage, so that the product, operation, and business fronts can be considered in an integrated manner during the planning stage to ensure the town can be operated effectively after completion. The attribute, dimensions, and location of development model design are shown are the table below.

**Table 5-17 Analysis of the Attribute, Dimension and Location of the  
Primary Category “Development Model Design”**

Attribute of the Primary Category	Dimension of the Attribute	Location of the Dimension
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Model Type	Product-Operations-Commerce.	Product-Operations-Commerce
Model Availability	Yes-No.	Yes
Model Design Completeness	High-Medium-Low.	High
Relevance of Model Design	High-Medium-Low.	High
Reasonableness of Model Design	High-Medium-Low.	High

Source: Grounded Analysis of This Study

“Creation of Consumption Scenes” refers to the creation of various consumption scenes of a cultural and tourism town through various means during the planning stage, so that visitors can experience the quality of life and consumption in the town. The attribute, dimensions and location of consumption scenes creation are shown in the table below.

**Table 5-18 Analysis of the Attribute, Dimension and Location of the Primary Category “Creation of Consumption Scenes”**

Attribute of the Primary Category	Dimension of the Attribute	Location of the Dimension
Dimensions of the Consumption Scene	Life-culture-art.	Life-culture-art.
Completeness of the Consumption Scene	High-Medium-Low.	High
Quality of the Consumption Scene	High-Medium-Low.	High
Authenticity of the	High-Medium-Low.	High

Consumption Scene Diversity of the Consumption Scene	Diverse – Singular.	Diverse
Heterogeneity of the Consumption Scene	High-Medium-Low.	High

Source: Grounded Analysis of This Study

“Construction Quality Management” refers to the environmental and information-based construction management by the developer to the builder during the construction phase of the cultural and tourism town. And the quality supervision and control of the construction is conducted to ensure that the project has high construction quality, the result of which is mainly reflected in the landscape and service of high authenticity, good ecological environment, high quality, and aesthetic sense. The attribute, dimensions, and location of construction quality management are shown in the table below.

**Table 5-19 Analysis of the Attribute, Dimension and Location of the Primary Category “Construction Quality Management”**

Attribute of the Primary Category	Dimension of the Attribute	Location of the Dimension
High Quality Construction Tools	Environmentalization - Informatization.	Environmentalization and Informatization.
Construction Management Approach	Process Monitoring - Results Acceptance.	Process Monitoring and Results Acceptance.
Quality of Construction	High-Medium-Low.	High
Authenticity of the Landscape	High - Medium - Low.	High

Landscape and Environmental Quality,	High-Medium-Low.	High
Aesthetic of the Landscape	High-Medium-Low.	High

Source: Grounded Analysis of This Study

“Tourist Experience Design” refers to the shaping of a high-quality tourist experience through customer value co-creation, service quality control, five-sense experience design and key moment management in the operation phase of building a cultural and tourism town. The attribute, dimensions, and location of tourist experience design are shown in the table below.

**Table 5-20 Analysis of the Attribute, Dimension and Location of the Primary Category “Tourist Experience Design”**

Attribute of the Primary Category	Dimension of the Attribute	Location of the Dimension
Types of Experience Design	Taste-hearing-olfactory-sight-tactile	Taste, hearing, olfactory , sight , tactile
Completeness of Experience Design	High-Medium-Low	High
Degree of Value Co-creation	High-Medium-Low	High
Service Standards	High-Medium-Low	High
Quality of Key Moment Management	High-Medium-Low	High
Experience Quality	High-Medium-Low	High



	High-Medium-Low	High
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Source: Grounded Analysis of This Study

“Brand Marketing and Promotion” refers to the means and level of promotion of the town during the operation phase, including brand positioning and marketing strategies. The attribute, dimensions, and location of brand marketing and promotion” are shown in the table below.

**Table 5-21 Analysis of the Attribute, Dimension and Location of the Primary Category “Brand Marketing and Promotion”**

Attribute of the Primary Category	Dimension of the Attribute	Location of the Dimension
Market Positioning	Accurate-inaccurate	Accurate
Degree of Positioning Differentiation	High-Medium-Low	High
Speed of Market Follow-up	Fast -Medium-Slow	Fast
Market Segmentation Capabilities	High-Medium-Low	High
Market Strategy Tools	Constant-Progressive	Progressive
Level of Marketing	High-Medium-Low.	High

Source: Grounded Analysis of This Study

“Product Content Innovation” refers to the innovation of tangible and intangible products and the redesign of content of the town during the renewal

and iteration period, including the innovation dimension, innovation speed, innovation level, product iteration speed and market catering. The attribute, dimensions, and location of product content innovation” play a crucial role in the renewal and iteration of cultural and tourism towns, as shown in the table below.

**Table 5-22 Analysis of the Attribute, Dimension and Location of the Primary Category “Product Content Innovation”**

Attribute of the Primary Category	Dimension of the Attribute	Location of the Dimension
Innovation Dimension	Product-Content-Management	Product, Content, Management
Innovation Speed	Fast-Medium-Slow	Fast
Innovation Level	High-Medium-Low	High
Iteration Speed	Fast-Medium-Slow	Fast
Market Appeal	High-Medium-Low	High

Source: Grounded Analysis of This Study

#### **5.4.2 Core Scope and Storyline of Selective Coding**

The author found that high-quality development of a cultural and tourism town goes through five life phases: the project proposal phase, planning phase, construction phase, operation phase, and renewal phase, to maintain good and sustainable development. Key influencing elements of each phase for its high-quality development vary greatly, and only by managing these key elements can high-quality development be achieved.

During the project proposal phase of a cultural and tourism town, senior

managers assess the level of support from the local government, the surrounding market, the scarcity of resources, and the accessibility of the site to make an all-round judgement of on the town's development value. Managers with strong cognitive skills can accurately analyze these value points of the town's location and determine whether it is worth developing.

In the planning phase of a cultural and tourism town, the project development team needs to work with the local government to build good community relations, considering both the profitability of the project and its positive impact on the outlying residents and the local economy. With government support, the town's internal assets can be converted into operational assets, avoiding conflicting interests in the development process. In addition to landscape design, the project planning and design process also needs to consider the project operating, product, and business models, frontloading these concepts into the planning scheme design. The planning process should also consider the creation of an overall project scene to have both tourism and living functions, creating consumption scenes based on the reasonable layout of landscapes, modern living facilities, businesses, and public cultural sites.

During the construction phase of a cultural and tourism town, the construction team should carry out intelligent management of the construction process using intelligent software and hardware facilities and reduce damage to the local ecological environment using environmentally friendly materials and processes. The development team provides full supervision and inspection

throughout the construction process to ensure that the construction is completed according to the planned design with high quality. The management of the construction process can bring about landscape with high aesthetic and authenticity values, modern living facilities, and ultimately lay the foundation for high-quality living and tourism experiences for tourists.

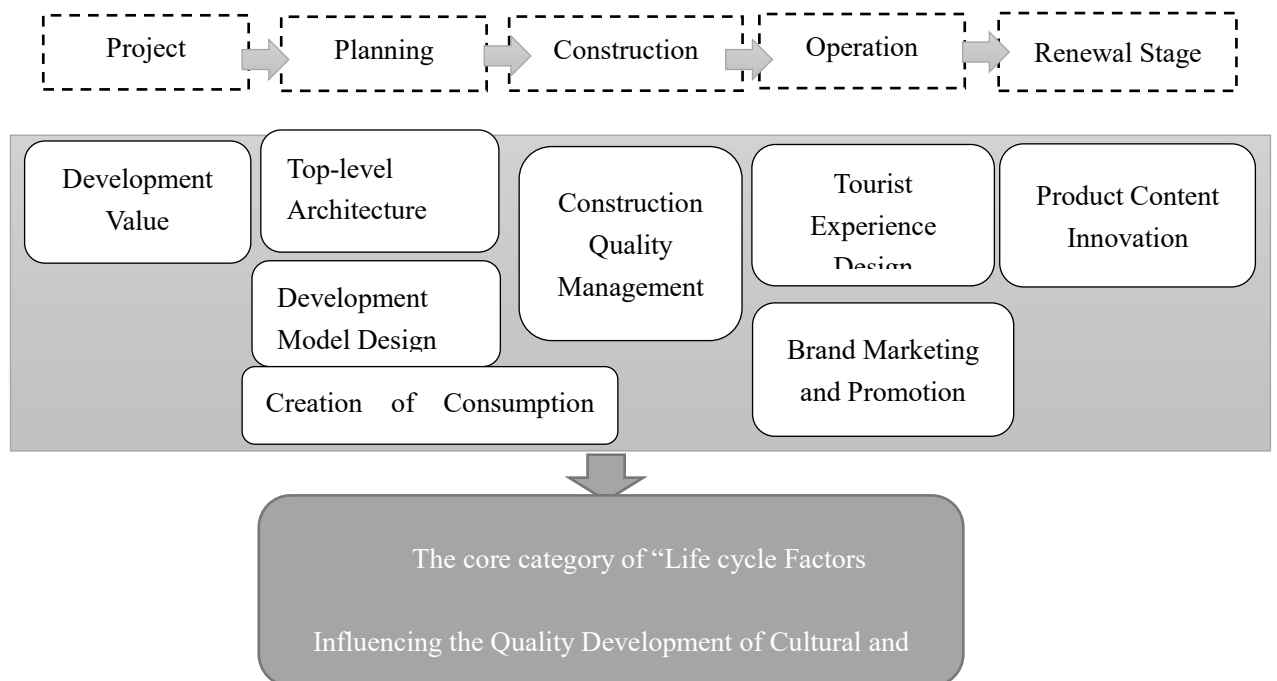
During the operation stage of the cultural and tourism town, the development team focuses on customer-oriented service concepts as the core to provide customers with more opportunities to participate in service and product improvement, creating customer co-creation value. By setting high service standards, the team establishes a system for training and evaluating employees, formulates service norms, and improves employee service awareness and level. The customer-oriented service concept is internalized in the employees, and key moments affecting customer satisfaction are deeply explored to enable frontline service staff to better provide high-quality service. The development team also emphasizes the branding and marketing of the project. They conduct in-depth research on the same type of positioning, create differentiated brand positioning, and carry out incremental brand promotion strategies based on changes in market demand. During the mature operation stage of the cultural and tourism town, as similar products in the market increase, its differentiated product positioning will gradually lose its advantage. If not iterated in a timely manner, it may easily enter the decline stage. In order to ensure the high-quality and sustainable development of the town, it is necessary to enter the renewal stage.

After conducting three grounded case analyses, the author identified that a cultural and tourism town's high-quality development goes through five life phases: project proposal phase, planning phase, construction phase, operation phase, and renewal phase. Each phase has key influencing elements that need to be managed for high-quality development.

In the project proposal phase, senior managers assess the town's development value and level of support from the local government, surrounding market, resources, and site accessibility. The planning phase involves collaboration with the government and consideration of profitability, positive impact on the community, asset conversion, landscape design, operation, product, and business models. During the construction phase, intelligent management, environmental protection, and quality control are crucial for a high-quality town.

In the operation phase, customer-oriented service is key, including customer co-creation, high service standards, staff training, service specifications, and five-sense design. External branding and marketing are also important. Finally, the iterative renewal phase requires product and content innovation, updated management, structure, model, and philosophy.

Based on the above storyline, the study proposes the core category of "Life Cycle Factors Influencing the Quality Development of Cultural and tourism towns" to coordinate the relationship between the various components. The logic diagram of the relationship between the main categories of the selective decoding of the factors influencing the quality development of cultural and tourism towns is shown in the figure below.



**Table 5-1 Relationship Logic for Each Primary Category**

### 5.5 Comparison of Grounded Analysis and Case Study Findings

This study commences with a case study that analyzes the key influencing factors for the high-quality development of W Town. The case study identified that the life cycle of quality development in W Town consists of five stages: project proposal, planning, construction, operation, and renewal stage, each of

which has different influencing factors for quality development. To validate the universality of the key elements of W-town's quality development, this study analyzes three other cultural and tourism towns in China that are undergoing high-quality development, namely Beijing Water Town, Nianghua Bay, and Hengdian. The author gathered primary data of each town case through interviews with their executive teams and online secondary sources, and used Grounded Theory, a qualitative research refinement tool, to code the primary data of the key elements of the high-quality development of the three cultural and tourism towns level by level. A total of eight primary categories were extracted: "Development Value Judgement," "Top-level Architecture Design," "Development Model Design," "Creation of Consumption Scenes," "Construction Quality Management," "Visitor Experience Design," "Brand Marketing and Promotion," and "Product Content Innovation." These eight primary categories were compared with the key elements of the W-town model, and it was discovered that the key elements of the three case studies were essentially the same as those of the W-town case study. The three cases differed slightly in some dimensions and attributes of the primary categories. Therefore, the findings of the case study on the key elements of quality development in W Town are relatively universal and can serve as a valuable reference for future cultural and tourism town projects.

## **Chapter 6 The analysis of the weight of influence factor system**

### **6.1 Design of the Expert Questionnaire on Influencing Factors of High-quality Development of Cultural and Tourism Towns**

To objectively evaluate the effectiveness of the key influencing factors for the high-quality development of cultural and tourism towns, this study designed a questionnaire that includes all the key factors for expert consultation. Entrepreneurs and scholars in the industry were invited to score the importance of the key indicators to optimize the system of key influencing factors. This study extracted eight dimensions of factors that influence the high-quality development of cultural and tourism towns through the comparison between the case study of W Town and the multi-case grounded theory analysis. These eight dimensions are: development value judgement, top-level architecture design, multi-mode design, consumption scene creation, construction quality management, tourist experience design, brand marketing promotion, and product content innovation. Based on the categorization of grounded theory and the analysis of the W case, this study further refined the eight dimensions into a scale containing 27 questions, which are shown in the table below. A total of 70 experts were invited to participate in the consultation and each expert received a questionnaire. The high efficiency of questionnaire collection resulted in 67 effective questionnaires being collected, with a recovery rate of 95.7%.

**Table 6-1 Design of questions in the expert**



## questionnaire

Target layer	First Level indicators (Guideline layer)	Second Level indicators (Indicator layer)
Influencing factors of high-quality development of cultural and tourism towns	Development value judgement	Resource Uniqueness
		Market dependence
		Transportation accessibility
		Government coordination
	Top-level architecture design	Clear asset structure design
		Balance both government and market functions
	Multi-mode design	Product model design
		Operation model design
		Business model design
	Creation of consumption scene	Creation of Lifestyle Consumption Scenes
		Creation of Culture and art consumption scene
	Construction quality management	Environmental protection project management
		Upgrade of modern community infrastructure
		Production facilities that cater to both tourists and residents
		Construction of peripheral supporting facilities
		Planning and classification guidance for the construction of the core area
		Innovation of the construction management system
		Information management of the construction process
	Tourist experience design	Customer value co-creation
		High quality service management
		Five senses experience design
		Key moment management
	Brand marketing promotion	Differentiated brand positioning
		Progressive marketing strategy
	Product content innovation	Content renewal
		Product iteration and innovation
		Management model renewal

### 6.2 Data hierarchy analysis results

The comprehensive evaluation system constructed in 6.1 has 8 criteria and 27 indicators that have different levels of importance in the overall evaluation.

Those that are more significant are given greater weight, while others are given

smaller weights. In this study, the analytic hierarchy process is used to determine the weights, and each evaluation obtains the weight vectors in the end.

Firstly, the judgement matrix is established. For the target layer, the relative importance between each element  $I$  and element  $j$  in the comprehensive evaluation layer is compared in pairs to obtain a judgement matrix for each the pairwise comparison, with  $a_{ij}$  representing the results of the comparison of the importance between element  $i$  and element  $j$ . According to the 1-9 scale method, the meaning and explanation of the digital scale are as follows:

**Table 6-2 Importance comparison evaluation table**

<b><math>a_{ij}</math></b>	<b>Definition</b>	<b><math>a_{ij}</math></b>	<b>Definition</b>
<b>1</b>	$A_i$ and $A_j$ are equally important	<b>2</b>	Somewhere between equally and slightly important
<b>3</b>	$A_i$ is slightly more important than $A_j$	<b>4</b>	Somewhere between slightly and significantly important
<b>5</b>	$A_i$ is significantly more important than $A_j$	<b>6</b>	Somewhere between significantly and obviously important
<b>7</b>	$A_i$ is obviously more important than $A_j$	<b>8</b>	Somewhere between obviously and absolutely important
<b>9</b>	$A_i$ is absolutely more important than $A_j$	Reciprocal	$A_{ij}$ is the comparing result of importance between indicator $i$ and $j$ , $a_{ij}=1/a_{ji}$

Secondly, the consistency index is calculated, and the corresponding average random consistency index  $RI$  is determined, followed by the calculation of the average consistency  $CR$ . If the  $CR$  is less than 0.1, it is considered that the judgement matrix  $A$  is acceptable, otherwise, the matrix needs to be adjusted.

Based on the comparison of the importance of each indicator, the judgement matrix of the criterion layer is obtained and presented in Table 2. The table reveals that the maximum eigenvalue of the judgment matrix is  $\lambda_{\max}=8.3640$ , the consistency index  $CI=0.0520$ , and the random index  $RI=1.41$ . Therefore,  $CR=CI/RI=0.0369$ , which is less than 0.1 and indicates satisfactory consistency.

The detailed calculation process for the weight of the judgement matrix is as follows:

Firstly, the product of each element in each row of the judgement matrix is calculated, which is represented by the vector:

$$[0.7500, 0.0062, 288.0000, 18.0000, 0.0007, 72.0000, 4.5000, 0.1875]$$

Then, calculate the n-th root of  $m_i$  :

$$[0.9647, 0.5294, 2.0297, 1.4352, 0.4023, 1.7067, 1.2068, 0.8112]$$

Next, the vector is normalized to obtain the weight vector:

$$[0.1062, 0.0583, 0.2234, 0.1580, 0.0443, 0.1878, 0.1328, 0.0893]$$

The calculation of the maximum eigenvalue  $\lambda_{\max}$  is obtained as:

$$1/8 \times 66.9122=8.3640$$

In the formula,

$$A_{wi}=[0.8851, 0.4785, 1.8792, 1.3278, 0.3726, 1.5796, 1.1159, 0.7427]$$

The consistency index  $CI$  is calculated as:

$$(8.3640-8)/(8-1)=0.0520$$

By referring to the  $RI$  table, it can be found that when the judgement

matrix is of order 8,  $RI$  is 1.41。

Therefore, the average consistency  $CR$  is calculated as:

$$CR=CI/RI=0.0520/1.41=0.0369$$

**Table 6-3 Criterion layer judgement matrix**

<i>Evaluation index</i>	<i>Development value judgement</i>	<i>Top-level architecture design</i>	<i>Multi-mode design</i>	<i>Creation of Consumption Scene</i>	<i>Building quality management</i>	<i>Visitor experience design</i>	<i>Brand marketing promotion</i>	<i>Product content innovation</i>	<i>Relative weight for Second Level indicators <math>W_i</math></i>
<i>Development value judgement</i>	1	2	1/2	1/2	3	1/2	1/2	2	0.1062
<i>Top-level architecture design</i>	1/2	1	1/3	1/3	2	1/3	1/3	1/2	0.0583
<i>Multi-mode design</i>	2	3	1	2	3	2	2	2	0.2234
<i>Creation of consumption scenes</i>	2	3	1/2	1	3	1/2	2	2	0.1580
<i>Constructing Quality Management</i>	1/3	1/2	1/3	1/3	1	1/3	1/3	1/3	0.0443
<i>Tourist experience design</i>	2	3	1/2	2	3	1	2	2	0.1878
<i>Brand marketing and promotion</i>	2	3	1/2	1/2	3	1/2	1	2	0.1328

<i>Product content innovation</i>	1/2	2	1/2	1/2	3	1/2	1/2	1	0.0893
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The judgement matrix of the index layer of development value judgement

is shown in the following table, and the consistency index  $CI$  is:  $CI = \frac{\lambda_{\max} - n}{n - 1}$   
 $= (4.1213 - 4) / (4 - 1) = 0.0404$ . It can be found from the  $RI$  table that when the judgement matrix is of order 4,  $RI$  is 0.9. The calculated average consistency is as follows:  $CR = CI / RI = 0.0404 / 0.9 = 0.0449 < 0.1$ , showing a satisfying consistency.

**Table 6-4 Development value judgement index layer judgement matrix**

Evaluation index	Resource Uniqueness	Market dependence	Transportation accessibility	Government coordination	Relative Weight of Second Level Indicators $W_i$
Resource uniqueness	1	1/2	1/2	1/2	0.1381
Market dependence	2	1	1/2	1/2	0.1953
Transportation accessibility	2	2	1	2	0.3905
Government coordination	2	2	1/2	1	0.2761

Top-level architecture design index layer judgement matrix is shown below,  $\lambda_{\max} = 2.0000$ ,  $CI = 0.0000$ ,  $RI = 0$ ,  $CR = 0.0000$ , showing satisfying consistency. It can be observed from the table that the asset is four times more important than considering the market. Based on the basic concept of judgement matrix, the

weight of the two can be obtained.

**Table 6-5 Top-level architecture design index layer judgement matrix**

Evaluation index	Clear asset structure design	Balancing the Functions of Government and Market	Relative Weight of Second Level Indicators $W_i$
Clear asset structure design	1	4	0.8000
Balancing the Functions of Government and Market	1/4	1	0.2000

The index layer judgement matrix of Multi-mode design is shown in the following table, and the consistency index  $CI$  is:  $= (3.0536-3)/(3-1)=0.0268$ .

It can be seen from the  $RI$  table that when the judgement matrix is of order 3,  $RI$  is 0.58. The calculated average consistency is as follows:  $CR=CI/RI=0.0268/0.58=0.0462<0.1$ , showing satisfying consistency.

**Table 6-6 Multi-mode design index layer judgement matrix**

Evaluation index	Product model design	Operation model design	Business model design	Relative Weight of Second Level Indicators $W_i$
Product model design	1	1/2	1/2	0.1958
Operation model design	2	1	1/2	0.3108
Business model design	2	2	1	0.4934

The index layer judgement matrix of Creation of Consumption Scenes is

shown in the table below, where  $\lambda_{max}=2.0000$ ,  $CI=0.0000$ ,  $RI=0$ ,  $CR=0.0000$ , showing satisfying consistency. It can be seen from the table that the life consumption is as important as the culture consumption. Based on the basic concept of judgement matrix, the weight of the two can be obtained.

**Table 6-7 Creation of Consumption Scenes index layer judgement matrix**

Evaluation index	Creation of Lifestyle Consumption Scenes	Creation of Culture and Art Consumption Scenes	Relative Weight for Second Level Indicators $W_i$
Creation of Lifestyle Consumption Scenes	1	1	0.5000
Creation of Culture and Art Consumption Scenes	1	1	0.5000

The judgement matrix of index layer of construction quality management

is shown in the following table, and the consistency index  $CI$  is:

$$CI = \frac{\lambda_{max} - n}{n - 1}$$

$= (7.4752 - 7) / (7 - 1) = 0.0792$ . It can be seen from the  $RI$  table that when the judgement matrix is of order 7,  $RI$  is 1.32. The calculated average consistency is as follows:  $CR = CI / RI = 0.0792 / 1.32 = 0.0600$ ,  $CR < 0.1$ , showing satisfying consistency.

**Table 6-8 Construction quality management index layer judgement matrix**

Evaluation index	Environmentally friendly project management	Upgrade of modern community infrastructure	Production facilities for both tourists and residents	Construction of peripheral supporting facilities	Planning and classification guidance for the construction of the core area	Innovation of construction management system	Information management of the construction process	Relative Weight for Second Level Indicators $W_i$
Environmentally friendly project management	1	2	2	3	1/2	2	3	0.1880
Upgrade of modern community infrastructure	1/2	1	1/2	1	1/5	1/2	3	0.0778
Production facilities that cater to both tourists and residents	1/2	2	1	1	1/5	1/2	3	0.0949
Construction of peripheral supporting facilities	1/3	1	1	1	1/6	1	1/2	0.0675
Planning and classification guidance for the construction of the core area	2	5	5	6	1	5	5	0.4032
Innovation of construction management system	1/2	2	2	1	1/5	1	3	0.1157
Information management of the construction process	1/3	1/3	1/3	2	1/5	1/3	1	0.0528

The judgement matrix of tourist experience design index layer is shown in

the table below, and the consistency index  $CI$  is:

$$CI = \frac{\lambda_{\max} - n}{n - 1} = (4.0963 - 4) / (4 - 1)$$



1)=0.0321. According to the *RI* table, when the judgement matrix is of order 4, *RI* is 0.9. The calculated average consistency is as follows:  
 $CR=CI/RI=0.0321/0.9=0.0357$ ,  $CR<0.1$ , showing satisfying consistency.

**Table 6-9 Tourist experience design index layer judgement matrix.**

Evaluation index	Customer value co-creation	High quality service management	Five senses experience design	Key moment management	Relative Weight for Second Level Indicators $W_i$
Customer value co-creation	1	1/2	1/2	2	0.1841
High quality service management	2	1	2	3	0.4074
Five senses experience design	2	1/2	1	4	0.3096
Key moment management	1/2	1/3	1/4	1	0.0989

Brand marketing and promotion index layer judgement matrix is as follows, where  $\lambda_{max}=2.0000$ ,  $CI=0.0000$ ,  $RI=0$ ,  $CR=0.0000$ , showing satisfying consistency. It can be seen from the table that the differentiation is twice as important as the progressive strategy. Based on the basic concept of judgement matrix, the weight of the two can be obtained.

**Table 6-10 Brand marketing and promotion index layer judgement matrix**

Evaluation index	Differentiated brand positioning	Progressive marketing strategy	$W_i$
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Differentiated brand positioning	1	2	0.6667
Progressive marketing strategy	1/2	1	0.3333

The index layer judgement matrix of “Product content innovation” is shown in the following table, and the consistency index  $CI$  is:

$$CI = \frac{\lambda_{\max} - n}{n - 1} = \frac{(3.0183 - 3)}{(3 - 1)} = 0.0091.$$

It can be found from the  $RI$  table that when the judgement matrix is the third of order 3,  $RI$  is 0.58. The calculated average consistency is  $CR = CI/RI = 0.0091/0.58 = 0.0158$ ,  $CR < 0.1$ , showing satisfying consistency.

**Table 6-11 “Product content innovation” judgement matrix.**

Evaluation index	Content renewal	Product iteration innovation	Management model renewal	Relative Weight for Second Level Indicators $W_i$
Content renewal	1	2	4	0.5584
Product iteration innovation	1/2	1	3	0.3196
Management model renewal	1/4	1/3	1	0.1220

After passing the consistency test for all indicators, the author calculated the weights of each indicator. The weight summary calculation results are shown in the following table. The weights of first-level indicators refer to the importance of each first-level indicator in the entire first-level indicator system.

In this study, the weights of the eight first-level indicators are 0.11, 0.06, 0.22, 0.16, 0.04, 0.19, 0.14, and 0.09, respectively. The relative weights of second-level indicators refer to the weight of each second-level indicator within its corresponding first-level indicators. In this study, the relative weights of the 27 second-level indicators were calculated under the assumption that their corresponding first-level indicators had a weight of 1. The formula for calculating the absolute weight of the second-level indicator is the relative weight of the second-level indicator multiplied by the relative weight of the corresponding first-level indicator. Based on the absolute weight of the secondary indicators, the author ranked the 27 secondary indicators to judge their importance.

**Table 6-12 Weight summary of hierarchical analysis**

First Level Indicators (Criteria layer)	Relative weights (Keep two decimal places)	Second Level Indicator (Indicator layer)	Relative weights (Keep two decimal places)	Absolute weight (Keep three decimal places)	Sort
Development value judgement	0.11	Resource Uniqueness	0.14	0.015	19
		Market dependence	0.19	0.021	16
		Transportation accessibility	0.39	0.043	10
		Government coordination	0.28	0.031	14
Top-level architecture design	0.06	Clear asset structure design	0.80	0.048	9
		Balancing the functions of government and	0.20	0.012	20

		market			
Multi-mode design	0.22	Product model design	0.19	0.042	12
		Operation model design	0.31	0.068	6
		Business model design	0.50	0.110	1
Consumption scene construction	0.16	Creation of Lifestyle Consumption Scenes	0.5	0.080	3
		Creation of Culture and Art Consumption Scenes	0.5	0.080	4
Construction quality management	0.04	Environmentally friendly project Management	0.19	0.008	22
		Upgrade of modern community infrastructure	0.08	0.003	25
		Production facilities that cater for both tourists and residents	0.09	0.004	24
		Construction of peripheral supporting facilities	0.07	0.003	26
		Planning and classification guidance for the construction of the core area	0.40	0.016	18
		Innovation of the construction management system	0.12	0.005	23
		Information management of the construction process	0.05	0.002	27
Tourist experience design	0.19	Customer value co-creation	0.18	0.034	13
		High quality service management	0.41	0.078	5
		Five senses experience design	0.31	0.059	7
		Key moment	0.10	0.019	17

		management			
Brand marketing promotion	0.14	Differentiated brand positioning	0.67	0.087	2
		Progressive marketing strategy	0.33	0.043	11
Product content innovation	0.09	Content renewal	0.56	0.050	8
		Product iteration and innovation	0.32	0.029	15
		Management model renewal	0.12	0.011	21

The author presents a comparative analysis chart in the following figure based on the relative weights of the first-level indicators. From the figure, it can be observed that the most important first-level indicators are “multi-mode design”, “tourist experience design”, “consumer scene creation”, “brand marketing promotion”, “development value judgement”, “product content innovation”, “top-level architecture design” and “construction quality management”. Among these, the weights of “multi-mode design”, “tourist experience design” and “consumption scene construction” exceed 0.15 and are much higher than the weights of other factors. Therefore, it can be concluded that experts believe that the three most critical factors influencing the high-quality development of cultural and tourism towns in China are diversified mode design in the planning stage, tourist experience design in the operation stage, and consumption scene construction in the planning stage.

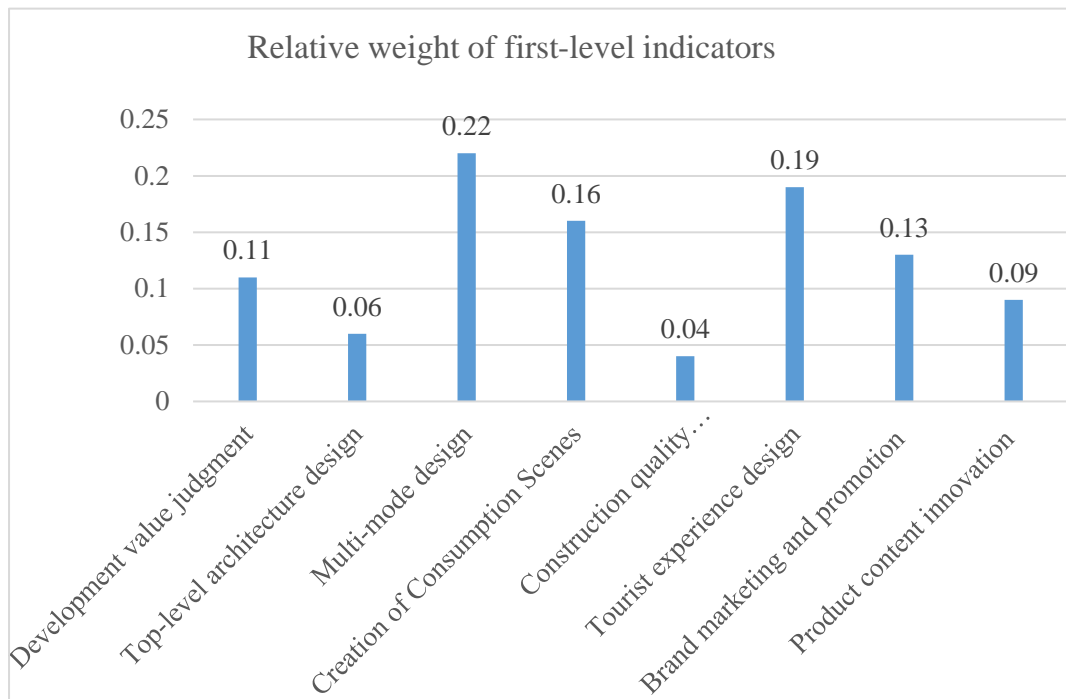


Figure 6-1 Relative weight chart of first-level indicators influencing factors of high-quality development of China's cultural and tourism towns.

In the following figure, the author presents a ranking chart based on the relative weights of the second-level indicators. It can be observed from the figure that the ranking of the importance of the second-level indicators are “business model design”, “differentiated brand positioning”, “creation of lifestyle consumption scenes”, “creation of culture and art consumption scenes”, “high-quality service management”, “operation model design”, “five senses experience design”, “content renewal”, “clear asset structure design”, “transportation accessibility”, “progressive marketing strategy, and “product model design”, all of which have a weight exceeding 0.4 and are considered important factors influencing the high-quality development of cultural and tourism towns in China. Additionally, factors like “customer value co-creation”, “government coordination”, “product iteration and innovation”, “market

dependence”, “key moment management”, “Planning and classification guidance for the construction of the core area”, “resource uniqueness”, “balancing functions of both market and government”, “management model renewal”, “environmentally friendly project management”, “innovative construction management system”, “production facilities for tourists and residents”, “upgrading modern community infrastructure”, “construction of peripheral supporting facilities”, and “information management in the construction process” are also important factors but with relatively smaller weights.

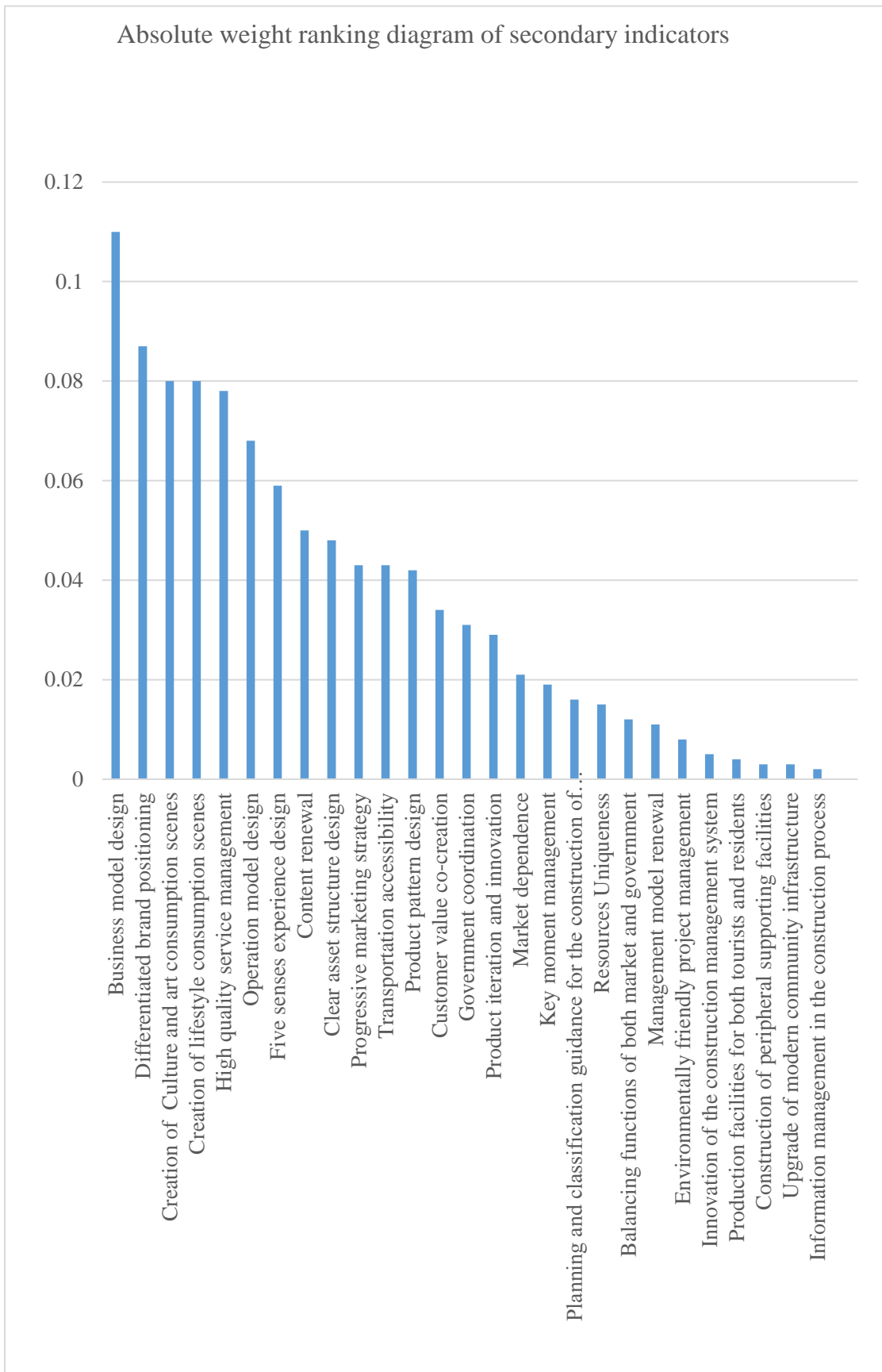


Figure 6-2 Absolute weighting of the secondary indicators of the influence factors on the high-quality development of cultural tourism towns in China



## **Chapter 7 Conclusions and suggestions**

### **7.1 Main Conclusions**

The year 2023 is a critical year for the recovery of China's cultural and tourism industry, as well as for the high-quality development of cultural and tourism towns. Looking back at the development of Chinese cultural and tourism towns, only a few have embarked on the path of high-quality development, while more have been abandoned and closed due to the recurring COVID-19 pandemic. As of 2021, at least hundreds of cultural and tourism towns in China have been abandoned and closed. Through research, it has been found that these abandoned and closed towns have not completed their full life cycle. Some towns were abandoned at the stage of development value judgment due to incorrect assessment, resulting in the homogenization of resource products, such as the White Deer Plain scenic area, which was open for only four years before closing down. Some towns were abandoned during the planning stage due to a lack of top-level architecture design, leading to a broken capital chain and halfway abandonment, such as the Quebec Ocean Sports Town. Some towns closed down due to poor operations, such as the Dragon Pool Water Village. Others have not iterated their products and remain at the sightseeing stage, such as Penglai Pavilion, one of China's first 5A-level tourist attractions, which has experienced a drastic decrease in visitor numbers in recent years due to the lack of iterative updates, making it difficult to maintain daily operations after the cancellation of the ticket policy. From the "cluster development" to

"batch closures," all indicate the importance of the impact factor system for high-quality development of Chinese cultural and tourism towns constructed in this study from a full life cycle perspective.

The development of cultural and tourism towns requires large investment in the early stages, has a long return cycle, and is difficult to operate and manage. The investment and construction period of at least 8-10 years requires not only high requirements for capital turnover ability but also highly dependent on planning, supporting facilities, and resources. A professional and experienced operation team is needed to manage and operate it, especially in every stage of its life cycle, which requires consistent and innovative planning and operational management. This thesis examines the industry benchmarks of cultural and tourism towns such as W Town, Gubei Water Town, Nianhuawan, and Hengdian, and discovers the laws of high-quality development in cultural and tourism towns. It summarizes the impact factor system for the high-quality development of cultural and tourism towns in China, with the aim of providing a powerful tool for guiding the high-quality development of existing cultural and tourism towns and future high-quality transformation of cultural and tourism towns.

**(1) Influencing factors for the high-quality development of cultural and tourism towns differ at different stages of their development; thus, necessary to monitor the influencing factors at each stage to ensure the sustained and efficient development of the project.**

The high-quality development of cultural and tourism towns requires the

operation and management team to constantly focus on the entire life cycle of the town, including the project proposal, planning, construction, operation, and renewal stages. Based on the characteristics of each stage of the project lifecycle, targeted strategies should be proposed to create a factor system that is suitable for the high-quality development of the project.

Specifically, during the **project proposal stage**, the development team needs to conduct research and exploration on the uniqueness of the resources, market dependence, transportation accessibility, and government coordination of the pre-developed town. They should fully utilize and amplify these characteristics in order to stand out from the surrounding cultural and tourism products, and avoid simple imitation and plagiarism, which can lead to serious homogenization of products and lack of market appeal.

During the **planning stage**, the development and operation team needs to ensure top-level architecture design, especially in the design of asset structure and balancing of both government and market functions. High investment in assets can lead to high debt and low output, which is one of the important factors affecting the high-quality development of cultural and tourism towns. Asset classification management can effectively promote the establishment of a risk-sharing mechanism and benefit-sharing of town assets, reducing the asset burden for the management entities and promoting the element allocation capacity of town enterprises. This lays a good foundation for the introduction, merger, and restructuring of social capital, enabling the development of town

resources and assets to evolve into capital operations and improving the supply capacity of development elements.

At the same time, during the planning stage, the planning and management team need to have a clear positioning and prediction of the project's product, business, and operational models. The attractiveness of cultural and tourism characteristic town products changes with external conditions such as market and transportation. Therefore, the development team needs to pay close attention to market demand and reserve sufficient development space in planning to adapt to market changes. A complete business model and operational model provide funds and talent reserves for the development of product space, ensuring that the town does not become inactive after investment without output. Creating consumption scenes is the key to enhancing the core attractiveness of cultural and tourism characteristic town products. By incorporating the leisure, aesthetic, and experiential needs of tourists into the scene design, the perception of tourism quality can be improved, and the town's revenue can be increased, ultimately achieving high-quality development and transitioning from ticket economy to industrial economy.

During the **construction stage**, the development and construction team not only needs to focus on the construction of internal and external supporting facilities of the town, but also needs to consider the town as a modern community from the perspectives of tourists and residents. They should provide relevant facilities that meet modern community standards and serve both

tourists and local indigenous people, in order to provide convenient vacation experiences for tourists.

During the **operation stage**, the operation team needs to constantly provide high-quality services to tourists, pay close attention to the tourist experience, fully understand their needs from the perspective of tourists, and create surprises and touches through sensory experience design and key moment management. They should improve tourist satisfaction with the town through standardized management, refined services, and a feedback mechanism for tourist opinions, thus obtaining high ratings and return rates from tourists.

In addition, in the era of big data and social media, brand marketing is also an important factor for the high-quality development of cultural and tourism towns during the operation stage. This requires the operation team to have differentiated brand positioning for different customer groups and develop progressive marketing strategies at different stages of town development.

During **renewal stage**, the management team of cultural and tourism towns needs to constantly monitor market changes and continuously iterate and update the content, products, and management models of the town based on the needs of tourists and even preempt market changes, in order to reduce the risk of the town entering a period of decline and achieve high-quality development. For example, the product of W town has been continuously iterated, creating a classic W town model for the high-quality development of cultural and tourism towns in China.

**(2) The weight of multiple influencing factors differs even at the same development stage.**

Through the hierarchical analysis of the influencing factor system and questionnaire data, it was found that the importance of multiple influencing factors for high-quality development varies even at the same development stage. Therefore, development and operation teams should focus on the main contradictions, start with key issues, and gradually construct a suitable element system for high-quality development of the project. For example, the weight of the diversified mode design (business model, operation model, product model) in the planning stage is higher than other indicators, indicating that development and operation teams need to address the diversified mode design issues as a top priority when upgrading cultural and tourism towns, clarify the commercial model of town development, and plan profit models for all stakeholders including government, residents, and shareholders (social investors). Additionally, high-quality development of cultural and tourism towns requires patience and determination from the operation team for long-term management, rather than seeking quick profits.

Cultural and tourism projects are essentially market-oriented, and it is difficult to find a completely replicable model. Operation teams need to continuously adjust and modify their approaches based on the weight of impact factors at different stages, starting with key issues, without a consistent and insightful approach to market demand and product improvement. Otherwise,

they may eventually be eliminated by the market.

## **7.2 Research Deficiencies and Prospects**

This study takes a whole life cycle perspective to explore the influencing factors of high-quality development of Chinese cultural and tourism towns. The study combines qualitative and quantitative methods to construct a weight system of factors that influence the high-quality development of Chinese cultural and tourism towns. It is an exploratory study on the high-quality development of Chinese cultural and tourism towns, and it mainly examines four cases: W Town, Beijing Water town, Nianhua Bay Town, and Hengdian Town. While the case selection somewhat represents the existing types of cultural and tourism towns in China, the number of cases is still relatively small, and the universality of the research conclusions needs to be further expanded. In future studies, other cases of cultural and tourism towns can be selected to further test the research conclusions of this study.

This thesis employs a case study methodology and qualitative analysis techniques such as grounded theory to identify the factors that influence the high-quality development of Chinese cultural and tourism towns. Although the qualitative research findings are analyzed quantitatively using the analytic hierarchy process, further quantitative testing can be conducted using additional case study data. It is recommended that future studies utilize a quantitative approach to validate the high-quality development evaluation scale for Chinese cultural and tourism towns constructed in this research.

As the number of Chinese cultural and tourism towns is gradually increasing with more diversified development modes, tracking the high-quality development of cultural and tourism towns should continue beyond the current cut-off point. The practical observation and research follow-up on the high-quality development of cultural and tourism towns need to be continuously promoted. Future research in this direction should continue to follow up on the development status and new changes of the four existing cases, and constantly supplement and improve the research conclusions of this study.



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