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The Regional Rootedness of China's Film Industry: Cluster Development and Attempts at Cross-Location Integration

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Abstract: China's film industry has its historical roots across the four geographical divisions of northern, eastern, western, and southern China. Each of these four film-producing regions has their own characteristics with divergent historical heritages and cultural resources. After the founding of the People's Republic of China (PRC) the division of administrative regions included a territorially divided management policy of film enterprises. Such policies promoted the regional development of China's film industry while simultaneously exacerbated the complex contradictions between and among the clusters produced. In the 1950s, four major state-owned film studios were established in Beijing, Shanghai, and Changchun. Under the planned economy model, films were purchased and sold exclusively by the state through these studios. Since the 1990s, China's film industry has undergone deep institutional reform, with film distribution and exhibition gradually moving towards the market and private enterprises beginning to actively participate in film production and distribution. The film industry has since begun to actively explore the generative potential of the existing industrial clusters, experimenting with film co-production and cross-regional business operations across the regions. With the goal of constructing a film and television alliance, the film industry has sought to maximize the advantages of different regions to promote the integration of these historically and regionally distinct sectors in an open and tolerant manner, laying the foundation for Chinese films to leapfrog into the global film market.

Keywords: Chinese film, industry clusters, regional rootedness, cross-location integration

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Film is an important manifestation of national soft power. The film industry not only creates economic value, but more importantly, has the function and significance of spreading local culture, gathering national spirit, and shaping the state's image. As film is a knowledge-intensive and technology-intensive industry, film production is a collective process that involves multiple kinds of expertise. The film production process is thus characterized by diversity and complexity, and the intensive development of film industries have tended to occur in and around industrial clusters where professionals are about to gather, collaborate, and innovate with greater logistical ease. Looking at the countries with more developed film industries in the world today such as Hollywood in the US, Bollywood in India, Fiv in Sweden, and Chungmuro in South Korea: all have ultimately achieved maturity and self-sufficiency by promoting the geographical aggregation of film enterprises around industrial clusters.

Of course, industry clusters are not only the regional aggregation of film industries but also the rooted dependence that these industries develop in the region. Without these connections, the geographical aggregation of a film industrial cluster will eventually fragment and scatter. However, many studies have shown that excessive regional rooting can also stifle industrial development. China has a vast territory and rich cultural diversity. The division of administrative regions and the territorial management policy of film enterprises since the founding of the PRC have effectively promoted the regional development of China's film industry, while at the same time exacerbating the complex contradictions produced by this cluster form of development. Therefore, the major issue facing policymakers and the Chinese industry today is how to realize the unification of the Chinese film industry with both regional rootedness and cross-location integration in mind and construct a distinctive path of clustered development.

1 The Geographical Aggregation of China's Film Industry

The industrial cluster is an important concept from industrial economics, first proposed by Michael E. Porter, a professor at Harvard Business School, in his book *The Competitive Advantage of Nations* (1990). In Porter's view, an industrial cluster refers to a group of enterprises and related legal entities that are geographically adjacent and interactive in a specific field and are linked by mutual commonality and complementarity (Porter 2007, 139–143). In Porter's definition, geographical proximity and the interaction of related enterprises and institutions

are the key aspects of an industry cluster. Geographical proximity is the starting point in a cluster's development, where initial interactions have to be established on the basis of geographical proximity.

The geographical aggregation of China's film industry has its own complex historical origins. Four major film studios were established at the founding of the PRC: Beijing Film Studio, Shanghai Film Studio, Changchun Film Studio, and August First Film Studio. This laid the foundations of a film production pattern centered on Beijing, Shanghai, and Changchun. In fact, from the mid-1950s to the late 1970s, China attempted to set up film studios in each provincial administrative region to reduce the regional imbalance of film production. However, due to the lack of production resources, only 16 film studios were qualified to produce feature films in the country until the 1980s. Additionally, the distribution of production quota allocations for feature films was uneven. For example, in 1992, Beijing Film Studio, Shanghai Film Studio, and Changchun Film Studio received production quota allocations of fifteen, fifteen, and seventeen, respectively, while other regional studios received far fewer production quota allocations, such as Xiaoxiang Film Studio and Tianshan Film Studio, which received only six and four films, respectively (Yu 2006, 141). Although some studios with lower production quota allocations also made remarkable achievements such as Pearl River Film Studio, Xi'an Film Studio, Xiaoxiang Film Studio, Guangxi Film Studio, and Emei Film Studio, the status of Beijing, Shanghai, and Changchun as film production centers has never been shaken.

With the marketization of the film industry since the 1980s, the relationship between film and the regions has undergone profound change. As of January 2021, provinces and cities with a large number of film-related enterprises included Beijing, Guangdong, Shandong, Zhejiang, Jiangsu, Shanghai, Sichuan, Fujian, Henan, and Anhui (Zhang 2021). In terms of film production, according to the *2019 National Film Script Filing Public Notice Analysis Report* released by M Big Data of the Film Channel's Convergence Media Center, the provinces and cities with a high number of films in production in that year were Beijing, Guangdong, Shanghai, Shaanxi, Zhejiang, Jiangsu, Fujian, Shandong, and Henan. Overall, in both the number of film enterprises found and films produced, a trend can be seen where more film production activity is found in the eastern coastal regions than in the central and western regions. Changes in the regional layout since the 1980s feature the following: first, the advantages of Beijing and Shanghai as traditional film production centers remains strong, which is certainly linked to the national status of the two cities. Second, the southeastern coastal provinces such as Zhejiang, Jiangsu, Fujian, and Guangdong, which were not originally the centers of national film production in the planned economy era, and which did not even have production quota allocations for feature films, have

since been able to develop as vibrant areas of film production and operation with the rise of the private economy. Third, some of the central and western regions have inherited the resources and production experience of the former state-owned studios, and although the number of film produced and film enterprises is not as high as that of the eastern regions, they remain unique because of the distinctive regional culture that they exhibit and serve. Lastly, Changchun was once one of the three major film production centers in the planned economy era, and Changchun Film Studio was once the state-owned studio with the largest number of production quota allocations for feature films, but under the impact of marketization, its output has declined significantly. In view of the above situation, this article divides China's film industry into the following four major sectors:

1.1 The Northern Sector

The northern sector is centered on Beijing and radiates to the northeast including Tianjin, Hebei, Shandong, and other provinces and cities. In terms of film history, China's first film *Dingjun Mountain* (Dingjunshan, 1905) was produced in Beijing at the end of the Qing Dynasty. Although the main production area of Chinese films shifted from Beijing to Shanghai during the Republican period, the northern film market continued to flourish due to the large number of industrial cities and trading ports in the Northeast and Shandong, thus enabling the construction of a film distribution network that covered the entire northern sector with Beijing (Beiping) and Tianjin as centers. In addition, during the "Puppet Manchukuo" period, Changchun set up the Avio Manchuria Used Association (Manying) to serve the cultural invasion of the Japanese army, building the largest photography base in Asia at the time. After the founding of the PRC, Changchun Film Studio was established on the basis of the Manying legacy and its factories and equipment, becoming the cradle of the film industry in the PRC. Beijing was and remains the political, economic, and cultural center of the PRC. It was home to many powerful film institutions, such as the Beijing Film Studio, August First Film Studio, and the China Film Corporation—which was responsible for purchasing and selling films nationwide. In the era of planned economy, the northern sector held two of the three major film production centers in China, the depth of its industrial reach speaks for itself.

However, since the extensive industrial reform of film production in the 1980s, Changchun gradually lost its advantages in film production due to the economic downturn in the northeast. By virtue of its status as the national political and cultural center, Beijing still accounts for 18% of the total number of film and

television related enterprises in the country, far exceeding other provinces (Zhang 2021). Its film production thus remains far ahead in the country. There are three important film industry clusters in Beijing: the first is the state-owned film enterprises and state-controlled film companies gathered in the southeastern part of Haidian District, including the China Film Group Corporation (China Film Group), which was formed through the merger of the former China Film Corporation, Beijing Film Studio, China Children's Film Studio, and Huaxia Film Distribution Co. Ltd. (Huaxia Film), and which now specializes in film distribution and has the right to distribute imported films nationwide. The second cluster centers on many leading domestic private film enterprises in the vicinity of Sanyuanqiao in Chaoyang District, the growth of which has been driven by market mechanisms and emerged spontaneously. The third is in Yang Song Town, Huairou District, where the China Film Group has funded the establishment of the China Film Digital Production Base, a film and television post-production platform. Coupled with preferential policies, Yang Song Town has quickly attracted a series of enterprises engaged in production, equipment rental, costume and prop rental, and post-production. This third site has gradually developed into one of the largest film and television production bases in Asia, with the most advanced technology and state of the art facilities.

In the northern sector, state-owned enterprises or state-controlled companies occupy a central position due to their historical origins. Among them, the China Film Group is the largest and most productive film company in China and as "the film company that occupies the majority share of the Chinese film market, has created a monopolistic market structure that cannot be changed in the short term" (Song 2015, 201–202). In addition to the China Film Group, the more important segments of the northern sector include the Changchun Film Group, which was restructured from the former Changchun Film Studio, and the Qingdao Oriental Movie Metropolis Film and Television Base, both of which remain state-owned or government-led enterprises. Thus, state-owned enterprises or state-controlled companies play a truly dominant role in the organizational relationship of the film industry network in Beijing and in the northern sector as a whole.

In addition, influential film festivals also serve as important platforms for the northern sector to promote the development of the film industry. Among them, the Changchun Film Festival was the first film festival founded in China, whilst the Beijing International Film Festival has now become the largest international film trading market in Asia. The Beijing College Student Film Festival brings youthful vigor and an academic atmosphere to film creation. These festivals not only provide opportunities for outstanding films to be screened and judged, but also create favorable conditions for film creators, production companies, and intermediaries to communicate and cooperate with each other, promoting the

exchange and integration of cultural forms from different regions, nationalities, and political systems.

1.2 The Eastern Sector

The eastern sector mainly covers the southeastern coastal areas of Shanghai, Jiangsu, Zhejiang, and Fujian. This sector has a long history of film production and management. As early as the Republic of China, Shanghai was already the center of Chinese film production, producing such internationally influential classics such as *Song of the Fishermen* (Yuguangqu, 1934), *Angels on the Road* (Malu tianshi, 1937), *The Spring River Flows East* (Yijiang chunshui xiangdong liu, 1947) and *Spring in a Small Town* (Xiaocheng zhi chun, 1948). In fact, the prosperity of Shanghai film in the Republican era was also the result of the collective promotion of the entire eastern sector, especially the provinces of Jiangsu and Zhejiang, which continuously sent film talents including screenwriters, directors, actors, and producers to Shanghai, including Zhang Shichuan, Xia Yan, Wu Yonggang, Hong Shen, Yuan Muzhi, Zhou Xuan, and Zhao Dan.

Private film enterprises were the main kind of film production in Shanghai during the Republic of China. Film companies like Star, Tianyi, Lianhua, Kunlun, and Wenhua were all renowned private film enterprises in Shanghai at the time. Although they were integrated and reorganized into the state-owned Shanghai Film Studio after 1949, the tradition of focusing on the market, caring for people's livelihoods, and forging ahead has been preserved. In the subsequent development of the film industry in the eastern sector, private film and television enterprises occupy an important position. The Shanghai Film Group, a merger of the former Shanghai Film Studio, Shanghai Animation Film Studio, and Shanghai Film Dubbing Studio, is one of the few state-owned film enterprises in the eastern sector and ranks among the top state-owned enterprises of its kind in terms of market orientation. The prosperity of the private economy in the eastern sector, especially in Zhejiang Province, has also given birth to a number of well-known private film and television companies such as Huace Film and Television, Ali Film and Television, and Chinese Entertainment Shanghai, all of which have a distinctive Zhejiang regional imprint but whose business covers the entire eastern sector including Shanghai. In addition, although Huayi Brothers Media Group and Bona Film Group are headquartered in Beijing, they are registered in Hengdian in the eastern sector of Zhejiang due to the preferential policies in the region towards the private economy.

In terms of the geographical aggregation of the film industry, enterprises in the eastern sector are mainly concentrated in film and television alliances or film and

television industrial parks, such as the Shanghai Film Shooting Base, Heng Dian World Studios, Xiangshan Film City, and Xixi Creative Industrial Park. These film and television alliances or film and television industrial parks are scattered in the eastern sector. Coupled with a well-connected transportation network, the film industry in this region is not overly concentrated in one central city as it is in the northern sector, but rather shows a multi-center, contiguous development. Similar to the northern sector, the eastern sector has also set up film festivals of international influence. The Shanghai International Film Festival is the only international A-list film festival in China, while the China Golden Rooster Awards, one of the three major awards for Chinese films, has been held in Xiamen since 2019, providing good opportunities for the development of the film industry in the eastern sector.

1.3 The Mid-Western Sector

The mid-western sector covers the vast central and western regions of China. Although this sector does not have the same advantages in capital or talent as the northern and eastern sectors, its distinctive regional characteristics make the production and management of films deeply rooted in regional history and folklore.

The history of film production in the mid-west can be traced back to the anti-Japanese War. First, left-wing filmmakers from Shanghai, represented by Yuan Muzhi and Wu Yinhan, went to Yan'an in 1938 and set up the first film organization in the region, the Yan'an Film Troupe. Under the leadership of the Chinese Communist Party, the Troupe was the origin of the people's news and documentary film business, producing news documentaries such as *Yan'an and the Eighth Route Army* (Yan'an yu Balujun, 1938). The Troupe was gradually integrated into the Changchun Film Studio, Beijing Film Studio, and August First Film Studio in the northern sector after 1949. Second, Chongqing became the refuge of Chinese film elites during the war: the Central Film Studio and the China Film Studio, which were under the control of the Kuomintang, moved to Chongqing and produced anti-Japanese War films such as *Long Sky Miles* (Changkong wanli, 1940), *Children of China* (Zhonghua ernv, 1939), and *Light of East Asia* (Dongya zhi guang, 1940), making Chongqing the center of Chinese film production during the war. Third, Yan Xishan set up the Northwest Film Company in Taiyuan, which moved to Chengdu and other places during the war and produced works such as *North China is Ours* (Huabei shi women de, 1940) and *Struggle in the Taihang Mountain* (Fengxue Taihangshan, 1940), which were highly praised by public opinion at the time.

As the main production bases of Chinese film were located in Beijing, Shanghai, and Changchun in the early years of the PRC, film production generally ceased in the mid-western sector, where it was only used as a site to shoot films with ethnic themes. After the 1980s, the mid-western sector built Xi'an Film Studio, Guangxi Film Studio, Tianshan Film Studio, and the Inner Mongolia Film Studio, among others. These studios were among the sixteen state-owned studios qualified to produce feature films and were allocated production quota allocations for feature films. As a result, the mid-western sector was able to form many sub-centers of film production outside of Beijing, Shanghai, and Changchun, and gave room for the growth of Fifth Generation directors such as Zhang Yimou and Chen Kaige. These young directors created films such as *One and Eight* (Yige he bage, 1983), *The Black Cannon Incident* (Heipao shijian, 1986), *Old Well* (Laojing, 1986), *King of the Children* (Haiziwang, 1987), *Yellow Earth* (Huang tudi, 1984), and *Red Sorghum* (Hong gaoliang, 1988) here. These films exhibited a marked difference from the cultural paradigm of the four major state-owned film studios, where revolution and social construction were the mainstream themes of film production. Based on the relatively backward and primitive western region, these early Fifth Generation films presented “a new cinematic modular landscape dominated by marginal historical and cultural reflections and the display of national cultural wonders” (Wang 2009, 55–58).

In the era of marketization, the “new western” film, represented by *Let the Bullets Fly* (Rang zidan fei, 2010), *No Man's Land* (Wurenqu, 2013), and *Wind Blast* (Xifenglie, 2010), was born as a film genre. New westerns “strive to combine the fashionable modern aesthetic concept of film with the western regional cultural characteristics, and actively allocates and reorganizes the historical, cultural, technical and artistic resources of the west with full attention to the operation of the capital of the western film industry,” and “highlights the connotations of the times, combining the colors of popular commercial culture with western cultural elements” (Guo 2012, 109–112). The genre demonstrates the organic combination of cultural elements inherited from western film as a cultural module with the modern film industry. Today, former state-owned studios in the central and western regions like Xi'an Film Studio, Emei Film Studio, Xiaoxiang Film Studio, and Guangxi Film Studio have been transformed into state-owned film groups, continuing their creative style with regional characteristics. The establishment of film and television cities such as Zhenbeibu, Bailuyuan, and Datong Wei Du also shows attempts in policy to integrate an industrial logic into the time-honored history and culture of the region. However, the current film industry in the mid-western sector still suffers from a lack of capital and an inadequate industrial

production chain. Local-led film production is mostly small-budget productions, while large investments and productions are mostly coproductions with the northern and eastern sectors.

1.4 The Southern Sector

The main gathering places of the film industry in the southern sector are in Guangdong and Hainan. The southern sector has a long history of interaction with the eastern sector. During the Republic of China, many film talents were active in Shanghai, such as Zheng Zhengqiu, Luo Mingyou, Ruan Lingyu, and Hu Die, hailing from Guangdong. The production of Cantonese films was also one of the key businesses of the Tianyi Film Company, a company founded in Shanghai by the Shaw Brothers from Zhejiang. Tianyi's Cantonese business laid the foundation for the later relocation of the company to Hong Kong and its growth into the Hong Kong film giant Shaw Brothers. In terms of film production in the southern sector, the Pearl River Film Studio, established in Guangzhou, was the only film studio in the mainland that could interact with the Hong Kong film industry, and the two industries had many exchanges in terms of talents and ideas. Since the 1980s, the Pearl River Film Studio and the newly established Shenzhen Film Company have been among the 16 state-owned enterprises that qualified for feature film production in the country. As a result, this led to a boom in film production in the southern sector and the formation of Southern Film School represented by *Yamaha Fish Stall* (Yamaha yudang, 1984), *Dr. Sun Yat-sen* (Sun Zhongshan, 1986), *Working Girls in the Special Economic Zone* (Tequ dagongmei, 1990), and *With Sugar* (Gei kafei jiadian tang, 1987).

However, reform of the Pearl River Film Studio to the Pearl River Film Group has not been smooth in the 21st century, resulting in the migration of local film talents to Beijing and Shanghai. Coupled with the signing of the Closer Economic Partnership Arrangement (CEPA) in 2003, Hong Kong film talents who may have previously crossed over to Guangdong have now trended to head north towards Beijing and Shanghai. Although the number of film projects and film enterprises recorded in Guangdong is large, second only to Beijing, there are very few local films with real brand effect in Guangdong.

Although the southern sector is well-funded and has many enterprises, there is a shortage of talent, resulting in a lack of quality in local film production. Southern clusters such as the film and television cities of Nanhai and Zhongshan are not as good as Hengdian, Xiangshan, and Chedun in the eastern sector, both in terms of

scale and supporting services. However, Guangdong's film industry can also rely on the national development strategy of the Guangdong-Hong Kong-Macau Greater Bay Area. This strategy has been discussed by academics since 1994, and the signing of the Framework Agreement on *Deepening Guangdong-Hong Kong-Macau Cooperation in the Development of the Greater Bay Area* in 2017 has greatly promoted the deepening of cooperation among the mainland, Hong Kong and Macau. At present, Guangdong is exploring the establishment of a Guangdong-Hong Kong-Macau Greater Bay Area Film and Television Cooperation Pilot Zone. Relying on Shenzhen as a city of technological innovation, it is committed to the development of digital technology in film, such as taking an innovative role in new technologies such as post-film special effects, high-definition film, and 5G film. At the same time, the Southern Film and Television Center has been established in Foshan, the home of martial arts, in an attempt to highlight the regional culture unique in the international arena.

Although Hainan has the advantage of geographical scenery and is often used as a film location, the local film industry is very weak, especially lacking in production talent.

In recent years, the development of Hainan's film industry can be described as a new opportunity. Hainan introduced the *Hainan Free Trade Port Law* in 2019, formally introducing the *Overall Plan for the Development of the Hainan Free Trade Port* in 2020. With a series of preferential policies, many famous film companies at home and abroad, such as Enlight Media, Mahua FunAge, Huayi Brothers Media Group and others have considered operating in Hainan. Furthermore, the Hainan Island International Film Festival was launched in 2018 with the goal of achieving "year-round exhibition, island-wide screening, universal viewing, and reinvigorating the entire industry chain" to promote Hainan as an international film island.

In summary, the formation of the four major industry sectors demonstrates how the Chinese film industry has gathered geographically around particular sites. However, this geographical aggregation of industries is not the same as a true industry cluster. The real marker of an industry cluster is not only the geographical proximity of industrial entities but also "the engine that promotes the reproduction of enterprises and their interaction and innovation" (Wang et al. 2006, 1–6) on the basis of the former. Obviously the process of moving from the geographical proximity of industrial entities to the promotion of enterprise reproduction, interaction, and even innovation is not a deterministic one, and the realization of this process requires that industries become rooted in the region.

2 Regional Rootedness of the Four Industry Sectors

The regional rootedness of industrial clusters emphasizes the relationship between industrial entities and non-economic factors in the region in the process of cluster development, reflecting the dependence of industrial clusters on their region and the nature of the cluster's local roots. Granovetter really developed this concept, believing that economic behavior is rooted in social networks and social institutions that are closely linked to social structures and social culture. It follows that “the research of the rootedness of industrial clusters brings a sociological perspective to industrial economics and pays attention to the interaction of social factors such as social systems, economic structures, social institutions, interpersonal relationships, culture, and ideology with the economy” (Lu 2006, 41–46).

Different scholars have given different explanations for the factors influencing rootedness, but in summary, there are no more than two major categories of importance: one centers around factors inherent to the region, that is, factors that existed before the industry moved into the region and are not necessarily affected by the behavior of enterprises afterward such as natural resources, history and culture, demographic composition, and the political and economic system inherent to the region. Second are factors arising from the presence of the industry in the region, such as the division of labor and cooperation between enterprises, the exchange of knowledge and technology, and the relationship between enterprises, the government, industry associations, scientific and educational institutions, and other intermediaries. However, considering the characteristics of the Chinese film industry itself, this article adopts the classification framework of Yan Huafei and other scholars to classify the regional rootedness of the film industry into four categories, namely, history and culture, resource endowment, policies and systems, and social networks (Yan and Hu 2013, 48–52).

2.1 History and Culture

Different from material production in general, the film industry is a product of, and also produces, spiritual culture. Although films also have a material form, they are merely the materialization of art and creativity. Therefore, art and creativity are the

source of production and the core competitiveness of film industries. The cultural meanings of a region can provide cultural resources to creators, with a certain geographical brand and reputation rooted in the local area. Absorbing the unique cultural symbolic resources, styles and traditions of the region, and historical and cultural characteristics of cluster locations can provide inspiration for the creativity of films. Most aggregation of the domestic film industry began with the planning of film and television alliances or industrial parks, many of which were built in areas relatively rich in history and culture. The feeling of being in a historical context helps film creators to develop unique ideas in both the interest of looking back and thinking forward into the future. For example, the Tongli Film and Television Base retains the original appearance of the Jiangnan water town in which it is based; the Wei Du Film and Television Base is located at the ruins of the ancient city of Datong; the Zhenbeibu Film and Television City transforms an existing frontier fortress; and the Cultural and Creative Industrial Park located in Qujiang in Xi'an was developed by using and absorbing local historical and cultural heritage.

In addition, the film industry's rootedness in the history and culture of a region is also reflected in unique film genres and aesthetic styles. The new western film that the mid-western sector has been keen to produce at present is deeply rooted in the unique history, folklore, and other cultural elements of the western regional style, resulting in such sub-genres as western adventure films, western comedies and western action films. In a similar vein, the political and ancient capital culture of the northern sector has given birth to major productions such as *The Founding of a Republic* (Jianguo daye, 2009), *American Dreams in China* (Zhongguo hehuoren, 2013), *Operation Mekong* (Meigonghe xingdong, 2016), *Operation Red Sea* (Honghai xingdong, 2018), and *Wolf War* (Zhanlang, 2015), all of which manifest the mainstream ideology of the country. In the eastern sector, the dynamic and vibrant water town culture and its business-oriented traditions have given birth to such legendary and life-affirming works as *The Message* (Fengsheng, 2009), *The Wasted Times* (luomandike xiaowangshi, 2016), *Tiny Times* (Xiao shidai, 2013) and *Long Day's Journey into Night* (Diqui zuihou de yewan, 2018). The kung fu films produced in the southern sector are closely related to the profound martial arts tradition in Lingnan.

Furthermore, the rootedness of history and culture is also reflected in the economic concepts and industrial values formed by a region in long-term production and business activities. For example, the film industry in the eastern sector is dominated by private companies, especially in Jiangsu and Zhejiang provinces, which did not have the advantage of producing films during the planned economy era but have since been able to take advantage of the private economy to rapidly occupy a high ground in the film industry. This is precisely because of the Yangtze

River Delta's mercantile tradition, which has existed since ancient times, as well as the entrepreneurial spirit engendered by this history. In fact, there is no shortage of business geniuses from the eastern sector in the history of Chinese film, especially Zhang Shichuan and Run Run Shaw from Ningbo, the former of whom founded Star Films, a pioneering company in the history of Chinese film, and the latter of whom founded Shaw Brothers, a company that has had a profound impact in Hong Kong, Macau, Taiwan and even Chinese communities in Southeast Asia and the West. Then, since the 1990s, the film and television alliance represented by Hengdian in the eastern sector has grown rapidly and developed into the world's largest film and television shooting base, covering film and television creation, production, distribution, investment, and trading, which in turn has led to a vibrant film industry in the entire sector.

2.2 Resource Endowment

The film industry is capital-intensive and technology-intensive. Therefore, the rootedness of the film industry to superior resources is then mainly reflected in the film industry's reliance on the region's capital as well as on highly qualified creative talents.

From the financial perspective, the film industry is characterized by high investment and high risk, and therefore relies on a well-developed financial and credit system. In the eastern sector, Shanghai, with its position as an economic and financial center as well as an international metropolis, and with the presence of Shanghai Film Group as an established state-owned film enterprise, is mainly responsible for financing, project approval, and dispersion of films in the eastern sector.

In terms of high-quality creative talents, industry clusters are particularly dependent on the gathering of artists, media workers, and senior technical staff, even to the extent that talents will be gathered first, and then followed by the gathering of enterprises. Beijing, in the northern sector, gathers the largest number of film, television, and media colleges, universities, and research institutions in China, and at the same time has a tolerant cultural atmosphere that makes it a national center of social and cultural thought and creativity. Here, it is difficult for other regions to match Beijing's strengths in film creativity and planning.

In addition, some film and television alliances or film and television cities can take into account the natural scenery of the region because of their inherent function for location shooting. For example, Xiangshan in the eastern sector and Nanhai and Xiqiao Mountain in the southern sector are examples where film and television cities are chosen to be constructed in areas with mountains and sea.

These beautiful geographical environments are also convenient for attracting talent to serve on location shoots.

2.3 Policies and Systems

China gives local governments a certain degree of flexibility in administration to enable them to work according to local conditions. As a result, the development of the industry in a region is also inevitably governed by the policy regime of that region. In China, the film industry's rootedness in the policy system is first and foremost manifested in its cooperation with political powers. Since China's film industry is not purely market-led, like Hollywood, but is subject to governmental supervision, and especially since films are held to be responsible for the dissemination of mainstream ideology and values, the film industry needs to survive in the soil of a certain policy regime. For example, Beijing's attraction for film enterprises is closely related to its political status. The relevant government departments that control the development direction of the national film industry are located in Beijing. The high investment and high risk nature of the film industry requires that the production of films must avoid political risks. Therefore, the presence of film enterprises in Beijing facilitates contact with the regulatory authorities and allows them to keep abreast of industry developments and allows enterprises to adjust their production decisions.

As the state-appointed institutions responsible for the distribution of imported films, China Film Group and Huaxia Film Distribution Co. Ltd. have incomparable advantages in the distribution of their own films (Wen et al. 2019, 1747–1758), and private film companies compete to maintain close relationships with these two distributors in order for their films to successfully pass the various censors of the National Radio and Television Administration (now the National Film Board), and to obtain better schedules and longer time slot protection in the cinema scheduling process (Wen et al. 2019, 1747–1758). In the northern sector, the Huairou Film and Television Base, built by the China Film Group, has been able to gather a number of leading private film enterprises in China, such as Xingmei, Bona, Huayi, and Hairun, relationships which reflect the strong position of the China Film Group in the Chinese film industry. In recent years, new mainstream films produced under the leadership of China Film Group such as *Operation Mekong* and *Operation Red Sea* have cost a great deal of money, often jointly funded by China Film Group and private film companies. As a result, the partners have achieved a win–win situation in terms of both social impact and box office success.

Of course, project plans and preferential policies by local governments for the film industry have also profoundly affected the industry's choice of regions. In

regions that were not originally the center of film production during the planned economy period and which neither had their own sufficient resources for film production, government-led planning around the construction of film and television alliances, alongside the implementation of preferential policies, have gradually encouraged film and television companies to “vote with their feet” and settle down in particular region, thus creating a cluster. It is noteworthy that some local policies, in their pursuit of sensational benefits, have turned out to be unsatisfactory. For example, the tax incentive policy in Horgos was changed overnight, resulting in many domestic film and television companies being deserted. The lessons here can be said to be very profound.

2.4 Social Networks

Social networks refer to the intertwined networks of people, places, and kinship between the various enterprises and people in the cluster. The social network of the film industry, then, includes public relations based on trust, win-win relationships formed through frequent exchanges and cooperation between film enterprises, as well as the personal relations between film creators and the staff of each enterprise which may transcend the boundaries of the enterprise due to common interests, cultural tastes, and values, the sharing of information and knowledge, and, of course, the liaison between film enterprises and other surrounding industries, including government, intermediaries, and educational and research institutions.

From the perspective of the history of China's film development, state-owned studios accumulated sufficient talent, experience, equipment, infrastructure, and administrative resources during the planned economy period. With the process of marketization, some former state-owned studio staff either left their original units and became independent film creators, started or joined start-up private film enterprises, or wandered between state-owned studios and private film enterprises. As a result, the previously advantageous resources of the state flowed into the market. Furthermore, private film enterprises were unable to obtain film production quota allocation in the early days of marketization and had to rely on cooperation with state-owned studios in order to intervene in film production. As a result, a number of new private film enterprises emerged on a reliance on the spillover of resources from state-owned studios and over time gathered in cities or regions where state-owned studios were located, forming a regional social network.

The formation of relevance between various subjects is also a distinctive aspect in the development of industrial clusters. This is divided into vertical and

horizontal relevance. Vertical relevance refers to how each enterprise in the same industrial cluster gradually discovers its own advantages, specialties, and specific businesses suitable for its development through competition and cooperation, thus forming both competitive and cooperative relationships upstream and downstream in the industry chain. Horizontal relevance refers to the synergy between the industry cluster and other institutions in the region, such as government, industry associations, financial credit institutions, consulting services, educational and research units, and other intermediaries. Obviously, both vertical relevance and horizontal relevance are inseparable from the interwoven network of human, geographical, and kinship ties within a particular region. It is difficult for individual enterprises to survive independently without such networks of relationships, and thus have to take root in the region. Judging from current practices in the Chinese film industry, the quickest and most effective way to facilitate such social networks is to build film and television alliances or industrial parks. Through the planning of film bases and industrial parks, film and television enterprises come together to transform the advantages of geographical proximity into relations of relevance among enterprises. Take Hengdian World Studios in the eastern sector as an example: starting as a location shooting site for film and television, it later set up “a film and television service center, scenery production company, marketing company, tourism commodity company, product management development subsidiaries along the film and television industry chain, and also established China’s first national film and television industry experimental zone in which film and television shooting, production, equipment rental, prop production, advertising, and other industries are engaged. In this experimental zone, film and television filming, production, equipment rental, prop production, advertising, and distribution are carried out” (Shao and Liao 2009, 21–28), fulfilling the vertical relevance of the industry. In addition, Hengdian World Studios has also built tourist sites, accommodation, and conference venues such as the International Conference Center, the China World Trade Center, and the Film and TV City Hotel, to explore the horizontal integration of the film industry with local tourism, commerce, and exhibitions.

In addition, win-win cooperation in the social network facilitates the exchange and transfer of knowledge, technology, information, ideas, services, and other elements within the cluster, thus forming shared resources jointly constructed on the basis of shared benefit among all enterprises and institutions within the cluster, which also forms the core competitiveness of a cluster. More importantly, shared resources are “exclusive of those outside the cluster, but otherwise have certain characteristics of a public good to enterprises within the cluster” (Shao and Liao 2009, 21–28). The demand for such shared resources within a cluster makes them rooted in a specific region. To facilitate the

dissemination of shared resources, some film and television alliances and industrial parks have even taken the initiative to create various information platforms for their locations. Some governments or intermediaries have also tried to establish consultation mechanisms to resolve conflicts arising from the interaction of enterprises within an area, and have even sought to increase mutual understanding and trust through consultations, such as with establishment of the Actors' Guild in Hengdian World Studios to allow for the easier assignment of actors to various productions.

The regional rootedness of the film industry involves both the comprehensive application and organic integration of the above-mentioned elements, and the more sufficient and comprehensive the elements, the better the effect of regional rootedness. In general, regional rootedness in the film industries of the northern and eastern sectors is relatively strong and developed, while regional rootedness in the central and western regions is mainly derived from history, culture, policies, and institutions. Regional rootedness of the film industry in the southern sector is not yet stable. However, even those sectors exhibiting strong regional rootedness have yet to form a film industrial cluster. Although there is "close cooperation between the various industrial entities, in essence, they are still working separately in the most primitive sense" (Ling 2017, 76–78). For example, in some regions, a few state-owned enterprises or relatively large enterprises play a dominant role in the film industry in the entire region, while there is a lack of small and medium-sized private enterprises that can form an equal dialog with them. In some regions, competition between enterprises is more common than cooperation. At present, it is impossible for any region to contain all the desired elements required by the film industry. If industry clusters take the region as a platform for interaction and cooperation between enterprises, then interaction and cooperation can also be achieved between different regions.

3 Regional "Locking-in" and the Need for Cross-Location Integration

Although regional rootedness plays a positive role in the early stages of the development of an industry cluster, when the cluster reaches a certain level of development, especially when the number of enterprises in the region tends to be stable, the negative aspects of regional rootedness gradually emerge, resulting in "regional locking-in," leading to stagnation or even recession. Therefore, the cluster development of Chinese films should not only achieve regional rootedness, but also explore cross-location integration.

3.1 Regional “Locking-in” as a Hindrance to Film Industry Clustering

The essence of regional rootedness is the dependence of industrial clusters on a number of non-economic factors in a specific region, and where dependence becomes excessive, a regional “locking-in” occurs. Regional “locking-in” can lead to a gradual slowdown in the development of clusters, or even blind exclusion and closure to development opportunities. Judging from the actual situation of the China’s film industry, regional “locking-in” exists at three levels:

First, the regional locking of cultural concepts. Wang Jinghua and other scholars look at regional rootedness from the perspective of organizational inertia, arguing that the formation of regional rootedness stems from “economic or non-economic organizations such as enterprises in the process of their operation being influenced by their own operating models and thereafter consciously or unconsciously maintaining a similar operating situation, resulting in ‘path dependence’ of the operating model” (Wang 2013, 92–95). This organizational inertia often exhibits a lag in the recognition of pros and cons of the extant situation, and because of high stability, “it has an irresistible binding force on the direction of organizational innovation” (Wang 2013, 92–95). In addition, as the geographical concentration of industries facilitates the strengthening of personal, geographical, and kinship ties, excessive regional roots tend to produce relatively fixed groups or camps, making it difficult for other enterprises or individuals to embed themselves in a cluster, thus hindering new membership and the migration of members across regions. In particular, the film industry itself is closely related to the history and culture of the region, and there are differences in the business philosophy and operating mechanisms of enterprises in each region, making cross-regional cooperation challenging as it also implies cross-cultural cooperation.

Second, administration is regionally locked. Film projects are managed on a territorial basis by provincial administrative districts, from the filing of projects, to the examination of licenses, and the accounting of production values. Even within the same regional sector, such administrative divisions often result in industrial fragmentation, bringing inconvenience to cross-provincial cooperation. For example, in the early stage of the reform of the cinema system, “the management often took measures such as property control, investment restrictions, and location approval restriction of new cinemas to restrict the entry or operation of cinemas from other provinces” (Gu and Zhu 2006, 97–98), in order to protect the interests of the provincial cinemas. Such problems have still not been completely resolved. In addition, film and television alliances planned and

constructed by local governments are also separated, with many film and television alliances constructed in accordance with ancient palaces, ancient markets, Jiangnan water towns, old Beijing, old Shanghai, and other local cultural sites, only seeking to be big and comprehensive in themselves, but ignoring the integration of cross-regional potentialities, resulting in the phenomenon of repetitive construction.

Third, there is a regional “locking-in” of professional divisions of labor. As China's film industry is in a primary stage of development, there is still a large gap between the professional division of labor in China and that of countries with mature film industries. Enterprises rely excessively on regional acquaintances or on the distribution of their own interests. The distribution of tasks is not always based on the actual capabilities and strengths of each enterprise or team. As a result, although the national film industry has seen the emergence of a number of top companies in various subdivisions, in the production process of specific film and television project most projects do not seek production resources by companies specializing in each segment but are instead accustomed to cooperation between individual companies and teams within the region. In such cases, it often happens that a first-line production team in a subdivision of the field may be produced by second-line professional talents from that team, limiting the overall level of production to a large extent.

This shows that regional “locking-in” is not conducive to the infusion of new blood to clusters, meaning that clusters will gradually lose the ability to innovate collectively, ultimately hamstringing the development of clustering.

3.2 The Necessity of Cross-Location Integration

The need for cross-location integration in the film industry stems first and foremost from the extension of the scope of the film industry. Traditionally, the film industry only refers to the three aspects of production, distribution and projection, however the concept of “the motion picture mega industry” (Litman 2005, 5–6) put forward by Barry R. Litman in 1998 extends the scope of the film industry from the production and operation of media texts to cultural and creative industries in a broader sense. In addition to the three traditional aspects of film production, distribution, and projection, the film industry should also include services such as star brokers, advertising, performing arts, tourism, games, and high-tech industries. The scope of products should not be limited to films, but should also include audio-visual products, film advertising, film theme parks, and other cultural and creative products derived from films. The concept of “the motion picture mega industry” breaks through the original

boundaries of the film industry, extending the film industrial chain across borders and promoting diversification in the division of labor. For mature industry clusters, “highly specialized division of labor and cross-industry development are their distinctive features” (Wang et al. 2006, 1–6), and it is difficult for individual regions to cope with the new requirements brought about by such changes. Cross-regional integration is imperative in this circumstance.

At the material and technological level, the emergence of Internet cloud platforms has facilitated the practice of cross-location integration. With the development of network technology and multiterminal display technology, cloud computing has overturned traditional spatial boundaries, allowing people in different spaces to achieve “telekinetic dialogue” virtually. Additionally, the data and algorithms accumulated and produced by Internet applications can match enterprises and people that are suitable for cooperation, and this kind of matching often crosses geographical boundaries and builds entirely new connections. Thus, through cloud platforms, the division of labor and cooperation between enterprises is no longer limited to a fixed area.

From international experience, cross-location integration has injected greater heterogeneity into film industry clusters. To prevent decline, film industry clusters abroad have not only engaged in cross-regional cooperation, but also cross-national and cross-continental integration. In the US, there is a complementary and mutually reinforcing relationship between commercial blockbuster production in Los Angeles and independent film production in New York, which together have contributed to the diversification of the American film industry. The United States, Canada, and India have also achieved transnational cooperation by complementing each other’s strengths, with the United States providing creative ideas, Canada providing location and shooting services, and India handling post-production technology. Cross-location integration has not only enabled mature industrial clusters to maintain their vitality but has also promoted the maturation and improvement of weaker industrial clusters. These experiences can bring enlightenment to the future development of clusters in China’s film industry.

3.3 Attempts of Cross-Location Integration of the Chinese Film Industry

While strengthening the regional roots of developing clusters, the Chinese film industry is gradually realizing the need to break through regional “locking-in” with three main attempts at cross-location integration.

The first is with the co-production of films, where in a certain film project enterprises from different regions have collaborated with each other to take up complementary advantages. The long history and diverse ethnic customs of the central and western regions provides abundant materials for film production, not only providing themes such as the anti-Japanese war, the revolution, and the western development, but also providing more realistic themes such as life in mountainous areas and rural life. However, the lack of capital and the inadequacy of the industrial chain have prompted the film industry in the central and western sectors to seek cooperation with other sectors, so that the northern, eastern and southern sectors, which have ample capital and a vast market, are able to complete financing and distribution aspects, and the central and western sector can participate in film production, such as *1942* (2005), *No Man's Land*, and *Wind Blast*.

The second is with cross-location operations, where a film company sets up branches in different regions in order to capture the strengths of different regions. Enterprises like Huace Film and Television and Huanrui Century have set up separate operations in the northern and eastern sectors, with the northern sector focusing on creative planning and distribution and the eastern sector responsible for financing and filmmaking. In addition, the Changying Film Group also built the Changying Wonderland in Hainan, taking advantage of local preferential policies and natural scenery to explore the possibility of combining film and tourism.

The third is the alliance of film and television bases. On the one hand, film and television alliances located in the same industry sector are committed to breaking the division of provincial administrative divisions in order to promote cross-provincial cooperation. For example, the Yangtze River Delta Film and Television Shooting Base Cooperation Alliance was established in the eastern sector on 1 August 2020, uniting a number of film and television alliances in an attempt to jointly build a film and TV shooting service system and shooting information sharing platform. On the other hand, film and television alliances across different regional industrial sectors can form alliances based on their own differentiated positioning and characteristics, with industrial chains as the link, such as Hengdian and Xiangshan film and television alliances in the eastern sector with location shooting services as their advantage, while the film and television industry parks in Beijing and Shenzhen highlight post-production capabilities.

Thus, it can be seen that cross-location integration achieves the distribution and utilization of resources in a wider space. Instead of eliminating the regional roots of the industrial clusters, such cross-pollination attempts will fortify regional strengths and expertise in a win-win cooperation between regions,

allowing for the promotion and upgrade of regionally rooted facilities. However, at present, the Chinese film industry is only experimenting with cooperation across regions, and substantial cross-regional integration has not been achieved. Moreover, even when attempts are made, they are mainly based on the spontaneous behavior of enterprises, rather than at the level of overall regional planning.

4 Conclusions

In conclusion, the formation of clusters from the geographical aggregation of film industries involves, on the one hand, a strengthening of the regional rootedness of film industries and, on the other hand, the coordination of regional advantages in cross-location integration. However, China's film industry is still in its infancy in terms of both regional rootedness and cross-location integration, although it is clearly characterized by geographical aggregation. In this sense, only by further strengthening regional roots, especially by giving enterprises freer and more convenient conditions for their organic interaction with the region; by focusing on the division of labor into specialized fields; by reducing unnecessary internal conflicts; and by promoting the integration of the whole film industry in a more open and tolerant manner, will China's film industry clusters expand into new spaces and prospects for development.

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