CLUSTERING OPERATING STRATEGY OF TAICHUNG CULTURAL AND CREATIVE INDUSTRIES PARK

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Abstract: Taichung Cultural and Creative Industries Park, managed by Ministry of Culture, the only one of the five major parks that has a government department stationed in for management, serves as the foremost leadership influencing the policy direction of cultural and creative industries development. The purpose of this study was to analyze how TCCIP established its operating position and strategies based on cluster operating strategy. Based on the Cluster theory, the research method conducted in-depth interviews to explore TCCIP from seven aspects. The study results indicated the operating unit adopted the strategy of constructing a clustering ecology and positioned the cultural inheritance for itself. After stationed in, business owners not only immediately formed organizations and incubation alliances, but also built cohesion and actively connected to external resources. The successful key elements of TCCIP’s clustering strategy relied on the resource integration and cooperation between the entrepreneurs after the establishment of cluster ecology.

Keywords: Cultural and Creative Industries, Taichung Cultural and Creative Industries Park (TCCIP), Clustering Strategy.

1. Introduction

1.1. Background

Culture is the uppermost asset of a country, reflecting the lifestyles, manners of living, attitudes, and thoughts of its residents. [1] The cultural and creative industries referred to in the Law for the Development of the Cultural and Creative Industries in Taiwan signified "the industries that originated from creativity or accumulation of culture which through the formation and application of intellectual properties, possessed potential capacities to create wealth and job opportunities, enhance the citizens’ capacity for arts, and elevate the citizens’ living environment” (Law for the Development of the Cultural and Creative Industries), in which confirmed the development of cultural and creative industries in Taiwan.[2] There is a total of fifteen industries identified as the cultural and creative industries in Taiwan. More than half of which are design-related industries, which include publishing, advertising, product design, visual communication design, fashion design, architectural design, digital content, and creative life.[2] In other words, the cultural and creative industries in Taiwan could directly reflect the developing policy of design industries.

From a historical perspective, Taiwan has been a melting pot of disparate cultures. In 1895, China and Japan signed the Treaty of Shimonoseki, in which Taiwan and Penghu were ceded to Japan. The Japanese government has exerted a profound influence over Taiwan’s development during its rule, particularly in areas of infrastructure, finance (adopted a unified currency and metric system), agricultural reform, industrialization, and promotion of education. Taiwan and Penghu were returned to China in 1945 after the Second World War; nevertheless, the results of economic development invested by Japan has still significantly influenced over Taiwanese people even in present days.

The area promotion plan of Council for Cultural Affairs (now Ministry of Culture) marked that among all cultural and creative industries parks selected to be the bases to establish creative and cultural industries, only Tainan Cultural and Creative Park utilized cluster of warehouses in North Gate district, whereas other four parks were set up in areas of historical buildings constructed in Japanese colonial period, manifesting the special feelings of the Taiwan government and people for cultural heritage. [2] The five major cultural and creative industries parks in Taiwan shared different missions and visions. Among which, Taichung Cultural and Creative Industries Park (hereinafter referred to as TCCIP) was the only park that retained the almost complete cultural relics, leading to its operating approach that emphasized on cultural development, creativity and innovation, as well as cultural heritage, and further fostered business development. Using cultural heritage as a developmental base, TCCIP has generated innovative thinking to create a new site from the relics of an old wine industry to promote cultural and creative industries development. [3] A Japanese named Akashi Hatsu taro founded Taisho Brewing Joint-Stock Company in 1916. He named Akashi winery as “Taichung Winery, Taisho Brewing Joint-Stock Company” where TCCIP currently located. Later in 2005, Ministry of Culture enacted this area as “Taiwan Art, Design, and Architecture Center” (abbreviated as TADA). Therefore, TCCIP is often referred to as TADA. In addition to the establishment of TADA, Ministry of Culture also set the newly established Provisional Office for Cultural Heritage Management (now Bureau of Cultural Heritage, Ministry of Culture) at the same location in the
same year to coordinate the management of TCCIP. TCCIP is currently the only state-owned, state-run public sector in all cultural and creative industries parks. Although such business structure is uncommon in other countries, TCCIP presents as an unique business case of Taiwanese cultural and creative industries parks and reflects government strategies and ideology in the development of cultural industries.

The purpose of this study was to analyze how TCCIP established its operating position and strategies based on cluster operational strategy. This study adopted in-depth interviews with three parties: park administrators, business owners inside the park, and individuals from the surrounding neighborhood to analyze both clustering operating approach and the status quo of TCCIP.

1.2. Taichung Cultural and Creative Industries Park

The term “cultural and creative industries” in Taiwan was introduced in “Cultural and Creative Industry Development Plan”, which was the sub-plan of the “Challenge 2008: National Development Plan” proposed by Executive Yuan in 2002.

The setup of “creative cultural zone”, described in the plan of “Planning and Establishment of Innovation and Culture Parks”, was determined to be the main demonstration base and information exchange platform for the development of the creative and cultural industries in Taiwan. In the process of promoting creative and cultural industries, five major bases were selected, of which including four old wineries and distilleries in Taipei, Taichung, Chiayi, and Hualien in addition to Tainan North Gate Warehouse cluster. In these parks, business was combined with culture and art to create a cultural industry that featured with abundance of Taiwanese characteristics.

Roodhouse [4] stated that the development and positioning of cultural and creative industries should be determined and directed by both governmental policy and the status quo of economic demand. To date, the five major cultural and creative industries parks governed by Ministry of Culture have utilized different operating strategies respectively, such as Operation - Transfer, Build – Operation - Transfer, Reconstruction – Operation - Transfer, stated-owned state-run, and so on. To date, the five major cultural and creative industries parks governed by Ministry of Culture have utilized different operating strategies (see Table 1) respectively, such as OT, BOT, ROT, stated-owned state-run, and so on. Using its own way, each industries park has developed its own exchange platform for cultural and creative industries in order to serve as a head of source of integration of culture and innovation that stimulated creativity and exchange of resources among workers in the related industries. The establishment of cultural and creative industries park, became the center of urban development, contributed to regional economic structural change, attracted private capital investment, and further promoted urban economic vitality.

### Table 1 Summary of the Operating Status of the Five Major Cultural and Creative Industries Parks in Taiwan

<table>
<thead>
<tr>
<th>Park Name</th>
<th>Positioning</th>
<th>Operating Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taipei Huashan 1914 Creative Park</td>
<td>Positioning: cultural-creative industry, cross-domain arts, and representation of life aesthetic style</td>
<td>Contracted out to a private organization, Taiwan Cultural-Creative Development Co., Ltd., in ROT form to operate according to the Act for Promotion of Private Participation in Infrastructure Projects. Trial operation in 2008 and started official operation in 2009.</td>
</tr>
<tr>
<td>Taichung Cultural and Creative Industries Park</td>
<td>Positioning: Art, Design, Architecture Center</td>
<td>Entire park was operated and managed by Bureau of Cultural Heritage, Ministry of Culture in November 2009.</td>
</tr>
<tr>
<td>Hualien Cultural Creative Industries Park</td>
<td>Positioning: An area that combines cultural and art industry and tourism</td>
<td>Contract signed in November 2013. Operated from June 2015 (Southern Taiwan University of Science and Technology).</td>
</tr>
<tr>
<td>Tainan Cultural and Creative Park</td>
<td>Positioning: Creative life development and hands-on experiences.</td>
<td>Contract signed in November 2013. Operated from June 2015 (Southern Taiwan University of Science and Technology).</td>
</tr>
</tbody>
</table>

Remarks

- Act for Promotion of Private Participation in Infrastructure Projects: a law made to enhance public services, accelerate social-economic development, and promote private participation in public construction.
- Principle of Income of State-Owned Public Real Estate: A decree established for the effective and beneficial use or lease of state-owned public real estate. There are two types of lease, i.e., “open tender” and “put out to lease”.
- OT Form: OT stands for Operation-Transfer. It is a form of construction project that is invested and constructed by government, and then outsourced to private organizations to
operate. The rights of operation should be returned to government upon expiry of operational term.
- ROT Form: ROT stands for Reconstruction-Operation-Transfer. It is a form of construction project defined for use of state-owned old buildings that were outsourced to private organizations, or rented by private organizations. The private organizations were permitted to extend, restore, rebuild, and operate in the buildings. The rights of operation should be returned to government upon expiry of operational term.
- Application Guidelines of Assisting Cultural-Creative Industries in Use of Chiayi and Tainan Cultural and Creative Industries Parks: Based on the Law for the Development of the Cultural and Creative Industries, the guidelines were created to provide appropriate assistance, incentives, or subsidies for the management of operational assets and development of cultural-creative industries in Chiayi Cultural and Creative Industries Park and Tainan Cultural and Creative Park in particular.

The Cultural Heritage Preservation Act was announced and implemented in 1982 in Taiwan, which has ascertained a mechanism to preserve cultural assets. In order to adequately coordinate and manage cultural assets and businesses, Council for Cultural Affairs of Executive Yuan (now Ministry of Culture) established a “Provisional Office for Cultural Heritage Management” and assigned it to be in charge of promoting national cultural heritage.

The development of TCCIP underwent many periods of evolution. After the Kououmintang retreated to Taiwan, TCCIP was taken over by the Taiwan provincial government and was reformed to be the “Fifth Winery of Taiwan Tobacco and Wine Monopoly Bureau”. It was renamed as “Taichung Winery” in 1958. As the city of Taichung gradually started developing in the 1970s, Taichung Winery was relocated to Taichung Industrial Park in 1998 in order to avoid environmental pollution caused by industrial production. Taichung Winery was registered as a historical building by Taichung city hall in 2002. In the same year, the “Challenge 2008: National Development Plan” was initiated by Executive Yuan, in which five major cultural and creative industries parks were planned, including the former site of Taichung Winery. The National Property Administration released the ownership of land and buildings of the park to Bureau of Cultural Heritage, Ministry of Culture to launch a series of restoration project of the park. The first phase (2003-2007) of the project comprised repair and renovation work of eight buildings inside the park. During the first phase, five university departments from central region of Taiwan were invited to station in the park for trial operation based on the concept of creating an experimental base for youths, workshops, and promoting creativity and education. TCCIP announced its grand opening to the public and began operating in 2007. Since then, it was officially managed by the Provisional Office for Cultural Heritage Management, Council for Cultural Affairs. The second phase of the restoration project (2008-2013) was initiated by a large-scale of closure of the park.

TCCIP occupied an area of 5.6 hectares, is the largest park compared to the other four parks governed by Ministry of Culture. The park consists of sixteen registered historical buildings and twelve general buildings.

According to the revitalization strategy of historical buildings, the park space was divided into four main sections, including administration, cultural and creative development, art exhibition, and commercial function sections. Formerly a wine factory, wine brewing used to be the park’s sole business during the period of Japanese rule. Owing to the transportation needs of liquor, the winery was built adjacent to the arterial thoroughfare and next to Taichung train station.

With the advent of completion of the restoration project in 2014, Bureau of Cultural Heritage had reassessed the issues of long-term operation of TCCIP and its market positioning, and had resolved to start inviting cultural and creative art workers to station in the four historical buildings in the park in order to foster and cultivate the development of cultural and creative industries. The restoration project of the entire park completed in 2015. In 2016, cultural and creative art workers trickled in to the park. The section was named “1916 Cultural and Creative Workshop” to commemorate the birthday of TCCIP and to specifically define its composite operating approach for the stationed-in industries to create, exhibit, market, experience, and inherit. Representatives from Minister of Culture had personally cut the ribbon on the grand opening of 1916 Cultural and Creative Workshop on July 16th, 2016 and officially announced its commercial operation.

1.3. Cluster Theory and Effect

The development of cultural and creative industries was listed as one of the crucial national development plans in Taiwan. The underlying concept referred to space revitalization of historical sites by establishing cultural parks. Through localization of a business cluster, the park would effectively expand due to cluster effect and economies of scale and attract government subsidies as well as private capital investments. In 2013, the Taiwan government popularized the “Value-based Production: Cultural and Creative Industries Value Chain Promotion and Innovation Plan” as an important policy for cultural and creative industries. The plan distinctly identified the “industrial cluster effect” strategy by supporting core creation, inviting independent workers to station into cultural and creative clusters, and utilizing the five major

![Figure 1. Floor Plan of TCCIP](image-url)
cultural and creative industries parks as bases to promote regional industrial agglomeration as well as to provide a platform for performance, exhibition, business, and cross-domain matchmaking.

The concept of agglomeration was initially introduced in Marshall’s “Principles of Economics” [5], in which he suggested the theory of industries district to explain the phenomenon of agglomeration and also proposed the concept of external economies. Marshall [6] stressed that industries located in industrial districts derived certain competitive advantages such as reduced production costs and transaction costs when external economies as well as economies of scale were limited, and infrastructure, skilled labor as well as resources were shared. For example, industries gathered in a district with abundant natural resources would have benefitted from reduced shipping costs, whereas manufacturers located near labor market would have benefitted from reduced labor costs. In addition, industries gathered in the same vicinity would have shared the advantages and benefits of exchanging information as well as technical cooperation.

The concept of agglomeration economies has thereafter aroused many scholars’ considerable attention and discussion from the idea of industries agglomeration into a broader and deeper discussion about the cluster effect by virtue of such agglomeration. For instance, the GREMI (Groupe de Recherche European sur les Milieux Innovateurs) school consisted of scholars, Aydalot & Keeble [7], suggested the concept of innovative milieu and focused on examining the effects on innovation due to change of industrial cluster. These scholars declared that the interdependence and competitive relationships inside industrial clusters to learn and grow together would stimulate the innovation process, which emphasized the importance in the process of learning, inter-relationships among enterprises, and the depth of regional economy.

Michael E. Porter [8], a master in business management, indicated in his book “The Competitive Advantage of Nations” that industrial clusters were the key to a nation’s competitive advantage. The so-called industrial cluster referred to a regional of interconnected industries, professional suppliers, service providers, and associated institutions such as universities, research institutes, guilds, et cetera in a particular locality. [9] Rosenfeld [10] expressed that clusters created economic benefits in two dimensions, that is, practical and potential benefits. Practical benefits included reduced production and operational costs, easy access to professional labor and services, and high productivity, whereas potential benefits referred to higher level of innovation and improvement of technology on account of mutual learning, abundance of knowledge sharing, and unimpeded flow of information.

Cluster provided conditions for and benefits of both collaborative and competitive relationships among enterprises. Porter [8] argued that highly competitive relationships among enterprises in industrial clusters fostered expedient advantage in knowledge and technology. Under such circumstances, enterprises inside industrial clusters were deemed to acquire more competitive strengths and were relatively active in innovation. Narver, et al. [11] suggested that inter-enterprise competitions and collaborations, beneficial to market positioning and product differentiation, were conducive to the growth of business.

The Taiwan government started to promote “Value the Price-The Construction of Cultural and Creative Industry Value Chain and Innovational Plan” in 2013 as the important policy for the development of cultural and creative industries. [12] The strategy of “industrial cluster effect” was clearly mentioned inside, which subsidized core creation and invited individual workers to stay and form cultural and creative clusters. This strategy of creative clusters was formed and dominated by policies, which and proved that policy-oriented thinking deeply affected the development of five major cultural and creative industries parks in Taiwan. As the state-owned and state-run sector, TCCIP should be the best representative of government performance.

1.4. Section Recap

According to the literature review, “cluster operating strategies” could lead to the following discussions:

- How the operating strategies from park operators are affected by the cultural and creative plan and policy conducted by central and local governments, and how could they position the park, recruit, and plan the future development by considering the overall cultural developing trend.
- How the enterprises in the park effectively connect the internal and external organizations and further connect the key organizations.
- How the enterprises in the park try to form the innovative process of mutual learning, competition, and growth by using the clustering ecology and gradually lead to a friendly clustering creative atmosphere.
- How the enterprises in the park properly use cultural heritage and facilities, share joint resources, and form an interdependent clustering network.

As a result, based on the above descriptions, seven aspects were proposed to explain the clustering operating strategy and experience of TCCIP, which included development and positioning, government policy, cluster operating strategy, organizations, innovative and incubation, resource integration and future development. Moreover, they also served as the structure of in-depth interviews and data analysis in this study.

2. Method

In order to profoundly analyze and understand the status quo of TCCIP’s current development and recruiting strategy, cluster operating strategy, and future development of the stationed-in industries, the study method utilized in-depth interviews of three parties, including park administrators, stationed-in enterprises, and residents in the vicinity.

2.1. Interview Outlines

Interview outlines were designed to investigate seven aspects of the development of cultural and creative industries parks based on cluster theory. Following questions might be added by the interviewer depending on the responses of interviewees. The seven aspects were as follows:
Development and Positioning: To inspect the status quo of the development of TCCIP, its function and positioning from its development process and current operating structure.

Government Policy: To discuss the joint influence between the external environment and the operation of TCCIP from the cultural and creative industry plan both promoted by central and local governments.

Cluster Operating Strategy: To examine the strategies of business management, recruiting, clustering, the status quo of management of TCCIP from the aspect of the park operators.

Organizations: To discuss how the enterprises in the park actively establish autonomous organizations and effectively connect the local communities, schools and research units.

Innovative and Incubation: To discuss how the park builds the creative atmosphere by “hardware and facility” and “activities” from the aspect of Bureau of Cultural Heritage, and how to encourage the joint cooperation, self-enhancement, and incubation and guidance between the enterprises by using management strategies.

Resource Integration: To investigate how cross-domain resources from the government-granted plans, academic and research institutions, and enterprises were integrated and implemented in to TCCIP.

Future Development: To explore the trend of policy to promote cultural and creative industries in Taiwan in view of present operations of TCCIP, and to plan for its future development.

In order to collect a more comprehensive study result, apart from the associated administrators of TCCIP, other interviewees from stationed-in enterprises and regional organizations in the vicinity were invited to participate in the interviews. The interview contents for participants from the stationed-in enterprises comprised motivation of stationing in the park, contents of innovation, some case studies to delineate competitive as well as collaborative relationships, incubation and counseling resources, and expectations for future development, etc. Nevertheless, the interviews of individuals from surrounding community organizations focused more on interactions between TCCIP and local community, influences on regional economy, cluster effect, and future expectations.

2.2. Inviting Interview Subjects

The entire interviewing process was from October 2016 to February 2017. Interviewees selected from the administration of the park were the leader of TCCIP’s park management team, director of the Development and Promotion Center of TCCIP, and secretary-general of Taichung Cultural and Creative Development Association respectively. Interview duration for each interviewee was approximately two hours.

Five CEOs from the randomly selected stationed-in enterprises, such as traditional umbrella manufacturing industry, weaving as well as plant dyeing studio, metal crafting artists, youth entrepreneurial studio of children’s paintings, and Flora art studio were interviewed. Furthermore, the chief of Chang-Chun village where TCCIP located was also interviewed. Each interview session lasted for approximately an hour.

2.3. Verbatim Transcription and Expert Seminars

All interviews were recorded and transcribed verbatim. Along with the researcher of this study, three college professors respectively equipped with knowledge of business administration, industries park management, and development of cultural and creative industries participated in an expert seminar after reading the interview transcripts to review and analyze the contents of interviews. We have also collected various secondhand related data in order to elaborate the interview content. The latest data was collected on 2017 Sep.

3. Results and Discussions

3.1. Development and Positioning

Presently, TCCIP is administered by Bureau of Cultural Heritage, Ministry of Culture. Two staffs from human resources office were assigned by the director-general to organize a management team for the park while a number of temporary employees were recruited to coordinate all associated businesses inside the park. Scope of work contains as follows: general marketing, environmental maintenance, website management, volunteer training, event organization, project management, lease and rental management, hardware maintenance work, and so on. The operation of business in the park involves two parallel parties. Namely, Bureau of Cultural Heritage engages in management of publicly-owned space, whereas partial of the businesses is outsourced to other enterprises. Publicly-operated businesses mainly focus on the development business of cultural heritage and cultural innovation with limited space usage of circa 2% for commercial purpose. When managing cultural heritage, Bureau of Cultural Heritage has established a “Cultural Heritage Academy” to conserve tangible as well as intangible cultural heritage, preserve, revitalize, promote, research, and create a talent pool. The development business for cultural innovation was assisted by the National Taichung University of Science and Technology that has organized “Development and Promotion Center of TCCIP” and has established “1916 Cultural and Creative Workshop”, on account of its emphasis to nurture and educate, has reinforced stable cultural resources in order to prepare local industries and young entrepreneurs a long-term incubation field.

The interview findings revealed that Bureau of Cultural Heritage has substantially connected their operational and administrative policy with the preservation of cultural heritage and inheritance in hopes of forming TCCIP into the largest cultural inheritance base in central Taiwan. By adopting the concept of “inheritance” into the operational strategy, the intrinsic value of the cultural and creative industries park has been created and has become an unique characteristic of the park. This kind of positioning apparently differs from those of the other four cultural and creative parks in Taiwan. Take Taipei Huashan Creative Park for example. Its major business model focuses on fashion, progression, youth, and Commercialization since it is located in the capital of Taiwan. Moreover, Hualien Cultural Creative Industries
Park perfectly integrates with the local tourism while Chiayi Cultural and Creative Industries Park chooses to support the traditional local folklore arts and operas as its major development. Tainan Cultural and Creative Park cooperates with the private college of technology to promote the popular music as its major operational direction.

3.2 Government policy

The clustering effect centered around and driven by a cultural and creative industries park required effective strategies to stimulate cluster economic activities and to help overcome the obstacles in the process of economic development [1, 13, 14]. In fact, three major projects of promoting cultural and creative industries were consecutively executed by Taiwan government. Firstly, the “Challenge 2008-Cultural and Creative Industry Development Plan,” dated from 2002 to 2008, began to incorporate cultural and creative industry into the emphasis of national development, which adopted the industry thinking to establish the fundamental policies. During the year of 2009 to 2013, “Creativity in Taiwan-The Projects of Cultural and Creative Industry Development” aimed at the advantage, potential, dilemma, and need in the developing the cultural and creative industry in Taiwan and provided an overall promotion strategy. Moreover, the “Value the Price-The Construction of Cultural and Creative Industry Value Chain and Innovational Plan” from 2013 to 2016 tried to adopt the following six guidelines, including multiple funds injection, industrial research, development and guidance, circulation and expansion of markets, cultivation and matching of talents, industrial clustering effect, integrations of industries and value-added applications, to promote the development of cultural and creative industry. These three national-scale projects connected with numerous small-scale projects. From the year of 2010 to 2015, the government had overall invested 87 million dollars and gradually increased its amount yearly.

While TCCIP is directly affiliated to Ministry of Culture, Taiwanese central government, the economic development and cultural promotion of Taichung City is significantly influenced and in charged by Taichung City Government, which is a local government. The interview findings suggested the importance of cooperation policy between central and local governments on the promotion of the development of cultural industry in Taichung. For the past few years, Taichung city government has been vigorously promoting several hardware constructions and popularized software cultural projects. Hardware constructions consisted of Dali Software Park, National Library of Public Information, National Taiwan Museum of Fine Arts, National Taichung Theater, National Museum of Natural Science, National Taiwan Symphony Orchestra, National Historic Monument (Wufeng Lin Garden), Memorial Museum (921 Earthquake Museum of Taiwan), and Taichung Metropolitan Area Railway Elevated MRT Project, et cetera. Culture and arts related projects included Youth Start-catching Entrepreneurship Project, Taiwan Art Bank, No. 20 Warehouse Artist Recruitment Program, and the Integration and Development Plan of Cultural Centers in Central Taiwan, and so on. These achievements have gradually transformed Taichung City into Taiwan's cultural capital. According to CNN’s news release on April 25, 2016, Taichung was listed as the “the most livable city in Taiwan”. Taichung City is expected to hold the “2018 Taichung World Flora Exposition” in 2018 to advertise its city image and increase international visibility. The innovative milieu created by the cooperation between central and local governments has attracted a vast majority of cultural and creative art workers and youths to reside in Taichung City, which expected to boost development of cultural and creative industries in Taichung City as well. The increase of youth population that flooded into Taichung is believed to bring new and innovative ideology into local traditional industries.

Table 2 The total budget invested in the cultural and creative industry from the Taiwan government, TCCIP in the 2013-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>annual budget (NTD) Taiwan</th>
<th>annual budget (NTD) Taichung City</th>
<th>annual budget (NTD) TCCIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>19,063,399,000</td>
<td>1,317,826,000</td>
<td>22,473,685</td>
</tr>
<tr>
<td>2014</td>
<td>19,063,399,000</td>
<td>1,317,827,000</td>
<td>111,265,386</td>
</tr>
<tr>
<td>2013</td>
<td>15,149,755,000</td>
<td>1,225,785,000</td>
<td>101,336,428</td>
</tr>
</tbody>
</table>

(Source: [2, 3])

3.3 Cluster operating strategy

After the restoration work was completed, the park published “1916 Cultural and Creative Workshop” project in 2014 to invite a swarm of art workers and to establish clustering ecology in the park. From the Park after the renovation is complete, started in 2014 “1916 creative workshop” scheme, which is dominated by the Park to build the community ecosystem, large inviting presence of creative workers. The aspect of how policies were promoted indicated the operating strategy of Bureau of Cultural Heritage and the future development of cultural and creative industries. It also revealed the ideological characteristics of Ministry of Culture while promoting its policies in cultural and creative industries.

The functions of 1916 Cultural and Creative Workshop were to retain the value of knowledge of historical buildings. Its mission was cultural inheritance in replacement of commerce. Therefore, the space allocation was planned accordingly with relatively reduced space for commercial operation. Based on the Principle of Income of State-Owned Public Real Estate, low rental was offered to recruit art workers in Taiwan. It was then that the core values of 1916 Cultural and Creative Workshop were defined as follows:

- To retain the value of knowledge of historical buildings
- To enhance the diverse development of TCCIP
- To create an innovative platform for cultural and creative art workers
- To provide incubation counseling for young entrepreneurs
- To assist traditional industries in brand transformation

In order to provide art workers a friendly operating space, sixty-six spaces, hands-on areas, professional studios, and computer laboratories were schemed out based
on original architecture structure. Targeted recruiting subjects were “visual arts and crafts”, “youth cultural and creative arts”, “music groups” and “traditional industries” for various reasons. Visual arts and crafts industry were chosen as it was sponsored by Ministry of Culture, whereas youth cultural and creative arts industry was recruited due to the policy popularity across government units. As to the recruitment of music groups and traditional industries, processing and manufacturing industries have been considered as the main traditional industries, including umbrella and bicycle industries, textile industry, and musical instrument industry, in central Taiwan. Music performing businesses also gathered in Taichung area. In order to assist the transformation of traditional industries, the two above-mentioned industries were listed as the major targeted recruiting subjects. Secondary recruiting industries consisted of cultural and creative distribution channel, photograph recording, fund raising counseling, printing and proofing, exotic cuisine, etc. in hopes of establishment a platform for mutual collaboration. At present, a total of forty-seven enterprises are stationed-in the 1916 Cultural and Creative Workshop.

The establishment purpose of 1916 Cultural and Creative Workshop was to provide a match-making platform for cultural and creative industries to interact and to form a clustering ecology in the park. In aspect of enterprise physical constitution when selecting stationed-in industries, circa 50% of enterprises were registered, whereas the other 50% were startup businesses or individual studios and workshops. By encouraging a high rate of startup businesses to station in, the applied strategy aimed at providing these entrepreneurs or individual artists and art workers who have not yet started their own businesses a platform for mutual support and collaboration. Small-scale enterprises tended to better maintain high capacity of creative energy. Meanwhile, these small-scale enterprises that resided in the park obtained the benefits of distance to closely cooperate with large-scale businesses. The recruited and stationed-in enterprises have established a strong and cooperative cluster with shared resources in technology, knowledge, innovation, or marketing channel offered by some of these enterprises. Furthermore, during the interview, entrepreneurs also mentioned that since TCCIP had already built its brand image among the general public, it would benefit small-scale enterprises, especially the media benefits brought by TCCIP. According to the official information released from 1996 Cultural and Creative Workshop, more than 100 reports were given on newspaper, television, magazines, internet articles, and broadcasting from July, 2016 to December, 2016, which indicated the important privilege brought by the cluster effect.

3.4. Organizations

Since a flood of art workers trickled in to TCCIP, the Development and Promotion Center of TCCIP urged the establishment of “Culture and Industrial Development Association of Taichung”, in which members included not only stationed-in enterprises, but also art workers in central Taiwan. With the establishment of the association, it was expected that the autonomous organizations would independently manage the general affairs for the stationed-in enterprises. Another benefit of the establishment of the association, interactions inside and outside of TCCIP were expected to increase, which would attract more external resources, connect and integrate the distribution channel, and ultimately promote a cultural and arts tourism network.

The establishment of Culture and Industrial Development Association of Taichung aimed at integrating resources from the private-run enterprises. Bureau of Cultural Heritage, on the other hand, integrated academic, research, and development resources by assembling university departments, research and development units, laboratories, and workshops in Taiwan to co-founded the “Taichung Cultural and Creative Business Incubators Alliance”. Its missions included implementing incubation resources, cultural and arts inheritance, student internships, and materials and skills laboratory. In 2016, the alliance has collaborated with TCCIP to arrange learning activities to the general public. More than a thousand of residents and students participated in learning traditional skills from artists. Moreover, there were more than one hundred and fifty college students who came to the part for a long-term internship. 700,000 tourists visited TCCIP in 2015. The number increased to more than one million in 2016. Moreover, the activities of cultural inheritance were held more than 1,000 times in 2016. TCCIP apparently has developed into a full-blown base for cultural skills inheritance and internships.

In order to encourage interactions with local people, Bureau of Cultural Heritage published a “good-neighbor policy” to make the space inside the park available for the general public. Up to date, the regional communities have conducted many district activities and classes inside TCCIP, including classes in dance, flower management and art, family activities, holiday markets, functional learning activities, and theater performances, et cetera, all closely related to people’s ways of living. Interviews of local residents concluded it was perceived by local residents that cultural and creative industries park has effectively improved general public’s acknowledgement and recognition of history and culture and enhanced the quality of life in the surrounding environment. Residents in the vicinity have even actively participated in the preservation and maintenance of the park, indicating close integration of TCCIP and the life of local people.

3.5. Innovative and Incubation

The interview contents described that the formation of TCCIP’s innovative milieu depended on the strategies of “hardware construction” and “events operation” applied by Bureau of Cultural Heritage. In light of the hardware construction of TCCIP, there are many intriguing stories underlying the preserved old buildings and wine culture. The park has preserved the intact production line and equipment required for traditional wine production process from storage of raw materials, transportation, brewing, fermentation, distillation, pressing, to aging and bottling. Refer to Figure 2 as an example. The boiler room built in 1924 was a two-story brick building. Imitated Baroque style and Dutch-style bricklaying structure, gable facades with semi-circular arch-shaped windows, in addition to the vertically paneled wooden windows, the building represented a harmony-and-sense-combined architectural
aesthetics. It is presently leased to a prominent Taiwanese sculptor, Mr. Yi Hung to run “Little Art Life Aesthetics”, an art exhibition space, and to invite local artists to jointly exhibit their artwork. Such shocking impact due to the intertwined feelings of new creations in an old architecture has created a mixed sensibility of time and space that touched many hearts. It is indeed a space worthy of repetitive visits from time to time.

In addition to the original architectural features and preserved wine equipment, Bureau of Cultural Heritage has schemed out studios, lecture hall, workshop, dance rehearsal room, music rehearsal room, exhibition space, creation space, marketing space, and food as well as beverage space in TCCIP in order to present art workers a friendly space for innovation and experiment. Young entrepreneurs were offered relatively lower cost to rent equipment. In light of events operation strategy, in order to strengthen creativity of art workers, Bureau of Cultural Heritage supported TCCIP to collaborate with Taichung Cultural and Creative Business Incubators Alliance to offer extension education classes; for example, classes in patents, marketing strategies, management, branding, photography, expansion of distribution channel, international trade, and so on., in hopes of producing a highly experimental innovative milieu.

Furthermore, Bureau of Cultural Heritage acquired its own peculiar method to strategize the management of art workers and incubation of creativity. First of all, due to the fact that TCCIP was a stat-owned, state-run area, the rental required for stationed-in enterprises costed only a quarter of the rental charged in the vicinity outside of TCCIP. The relative low-priced rental was a considerable help for young art workers. A variety of programs listed in the contracts signed by Bureau of Cultural Heritage and stationed-in enterprises comprised many other preferential measures. For example, tenants would have received a lease concession by half when assorted activities were arranged, signed industry-university cooperative project contract, won various domestic and international awards, established a company, actively attended to the courses held in the park, and so on. This kind of preferential measures has induced art workers’ motivation to sedulously operate.

3.6. Resource Integration

The Law for the Development of the Cultural and Creative Industries listed fifteen scopes of industries into the cultural and creative industries. Each listed industry was sponsored and consulted by different government units, including but not limited to, Ministry of Culture, Ministry of Economic Affairs, and Ministry of Interior. In addition to these three units, Ministry of Education and Ministry of Labor have also released diverse supplementary resources into supporting the development of cultural industry. The cultural and creative industries-related projects along with their sponsored public sector are as follows:

- “Dream Project of Entrepreneurship in Cultural and Creative Industries”, sponsored by Ministry of Culture, provided entrepreneur scholarships and resources for training and counseling;
- “Mentor-Mentee Program”, launched by Ministry of Labor, subsidized professional art workers, hired young apprentices and offered on-the-job training, and provided apprenticeship work-incentive subsidies;
- Ministry of Labor actively conducted programs such as “skills training and certification”, “vocational training”, and “employment services” to equip general public with professional skills;
- “Small Business Innovation Research”, introduced by Ministry of Economic Affairs, assisted industries in arranging product development events;
- Proposed by Ministry of Economic Affairs, “Service Industry Innovation Research” encouraged industries to provide innovative services and/or products, to initiate new operating and marketing approaches;
- College Graduates Entrepreneurship Service Plan, implemented by Ministry of Education, provided venture fund for promising youth entrepreneurs.

Due to limited space, other related plans were too numerous to enumerate in this study. In conclusion, the diversity of external resources used to support the development of cultural and creative industries signified the adequate support from the Taiwanese government from different fields at all levels. Despite the fact that TCCIP was affiliated to Ministry of Culture, it has actively strived for the support from external resources for the stationed-in art workers.

In addition to the introduction of external resources, the internal clustering effect has continuously fermented, and a series of resources connections among enterprises was formed. As the cluster operating strategy was based on the idea to “build an interdependent ecology”, interactions among the enterprises in the park have been quite frequent. Such interactions included distributing cooperation, co-development of products, co-operation, joint events, technical exchanges, joint exhibitions, new product release, social gatherings, and market activities, etc. Consequently, new proposals were launched weekly on account of clustering effect.

3.7. Future Development

With effective clustering business strategy, art workers from every corner of Taiwan have been stationed in to TCCIP. Through the process of internal resources integration, establishment of autonomous organizations, and connections as well as interactions of surrounding regions, to the whole development of cultural and creative industries in Taichung City, the cluster economies have also been expanded radially and formed into a interdependent clustering network, depicted the strategy and ideology of Taiwanese government in promoting cultural and creative
industries. TCCIP, marketing positioned as “Taiwan Art, Design, and Architecture Center”, utilized effective operating strategies along with its state-owned-state-run advantages and the support from Bureau of Cultural Heritage, has developed into a base for cultural inheritance. The ideology of Bureau of Cultural Heritage stressed that the purpose of cultural and creative industries parks was not merely to provide a platform for commercial trade, but to undertake responsibilities of cultural inheritance and experiment. As a result, TCCIP will organize “cultural laboratories” for materials and skills experiments in the future. Moreover, TCCIP will encourage intangible cultural heritage artists, craftsmen, young designers and entrepreneurs to arrange a “Cultural Experiment Workshop” to brainstorm in illustrating the development and positioning of TCCIP from both traditional and innovative perspectives. Meanwhile, TCCIP will also set up databases for talent pool, materials and textures information, and technology information to collect paramount information about cultural assets and resources. By creating intellectual properties and capitals as the core of its mission, TCCIP aims further at creating a high-quality living environment with economic benefits in hopes to improve Taichung’s international visibility and to establish Asia-Pacific regional interaction platform for innovative design.

Apart from the above-mentioned missions, Bureau of Cultural Heritage is aggressively planning on a third-phase restoration project for the park, focusing on wisdom green energy technology. It will collaborate with Architecture and Building Research Institute, Ministry of Interior to launch and enforce a wisdom community program, in which the innovative wisdom green energy technology will be applied to industrial relics with features such as security, interactive visit, energy-efficiency, and health and comfort. TCCIP will ultimately developed into the epitome of green building in Taiwan.

4. Conclusion

The cultural and creative industries, listed as one of the key national development plans, has acquired successful experiences from many countries and selected old industrial sites to revive and reuse the space to establish into cultural and creative industries parks.

The purpose of this study was to analyze how TCCIP established its operating position and strategies based on cluster operational strategy. Research results indicated several important conclusions as follows:

1. The Taiwan government has attempted to apply clustering strategies to establish clusters that are rife with cultural and creative industries and to create a link from upstream to downstream industries as well as needs and inter-cooperative relationships among cultural and creative enterprises. The upstream industries include supplier of technique, facilities, materials, and human resources. Downstream industries include providers of passways, retailing accesses, gift purchasing, exhibition arrangements. The ultimate goal is to promote the economy of locally-based cultural and creative industries. This study

suggested that the vitalization and enhancement of cultural and creative industries was inseparable from market economy. The cultural and creative industries would thrive with the support of a vibrant and dynamic market economy. This research has concluded the analysis results of data from chapter 3. It has shown that TCCIP’s clustering strategic operation mode can be divided into three layers: the core value, internal strategeties of cluster, and external strategies of cluster. Please find figure 3 for more details.

2. Interview results demonstrated that TCCIP’s operating strategies implicated many aspects. In addition to persisting the mission designated by Bureau of Cultural Heritage and sustaining the original positioning and functions accorded by Ministry of Culture, TCCIP actively employed diversified strategies in operating, recruitment, resource connection, incubation and counseling to create a base for cultural inheritance. Evaluating from the perspective of Ministry of Culture, TCCIP, deemed as one of paragon of revitalizing and re-using of industrial relics in Taiwan, is a great exemplar of cultural and creative industries parks that mostly represented the policy and ideology of promoting cultural and creative industries.

![Figure 3. The operating position and cluster operating strategies chart of TCCIP](image-url)

3. The operation of TCCIP was identified and positioned as “cultural inheritance,” which corresponded to the mission of its supervisor “Bureau of Cultural Heritage, Ministry of Culture.” Moreover, since the historical buildings and facilities were well-preserved in the park, it both fully kept the cultural elements and form the unique creative atmosphere. “Inheritance” had its importance to culture.

4. The clustering effect in the TCCIP relied on not only the cooperation promoted by central and local policies, but the elaborate recruiting strategy of forming the cluster ecology in the park. The business owners tried to cooperate, support and share resources with each other. They also established autonomous organizations to strive for the connection from external resources on the group basis.

5. The research results demonstrated that the positioning and style of clusters in a cultural and creative industries
park relied on effective recruitment strategy, which was established on the basis of explicit analysis on strategy, positioning of the park, and both internal as well as external resources, and based on the evaluation of the problems and demands of the entire market. Despite that it has been only a short period of time since the park started its official large-scale recruitment of cultural and creative art workers, the present TCCIP’s operational conditions have suggested successful essentials of the park.

(6) The TCCIP administration proposed an “inducement-oriented management strategy”, in which it advised enterprises to conduct a series of events, devised assorted plans for lease concessions, encouraged diversified external resources, and promoted the establishment of autonomous organizations. Furthermore, TCCIP tempted to utilize various types of catalysts to induce enterprises to share their own resources and energy to collaborate, innovate, and enhance self-competition advantage in order to achieve a more effective clustering benefits.

(7) Draw from interview and data, this research enables us to see the benefits that derives from TCCIP’s clustering effect. These benefits could be separated into two categories: Economic benefits and Social benefits. Statistics are collected within 2016 July till 2017 August. (See Table 3)

Table 3  TCCIP Operation Benefits

<table>
<thead>
<tr>
<th>Benefit Categories</th>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Benefits</td>
<td>Total Income</td>
<td>45,790,914 (NTD)</td>
</tr>
<tr>
<td></td>
<td>Fund Invested</td>
<td>18,301,520 (NTD)</td>
</tr>
<tr>
<td></td>
<td>Successful physical channel</td>
<td>13 Places</td>
</tr>
<tr>
<td></td>
<td>Business to Business Cooperation Counts</td>
<td>93 Times</td>
</tr>
<tr>
<td></td>
<td>Media Exposure Benefits</td>
<td>62 Articles</td>
</tr>
<tr>
<td>Social Benefits</td>
<td>Business Coaching Winning International Award</td>
<td>22 Awards</td>
</tr>
<tr>
<td></td>
<td>Cultural Heritage Related Events</td>
<td>117 Events</td>
</tr>
<tr>
<td></td>
<td>Cultivation Coaching Program</td>
<td>59 Events</td>
</tr>
<tr>
<td></td>
<td>Cultural Heritage Events Participant Counts</td>
<td>1945 People</td>
</tr>
<tr>
<td></td>
<td>Internship</td>
<td>161 People</td>
</tr>
</tbody>
</table>

(8) Questions on operating has long been restricted by numerous laws that procrastinates the administration efficiency. It was due to TCCIP’s public operating mode. It has also been affected by politicians, concerning elections and political concerns as such. Therefore, the flexibility of operation reflecting on market changing is rather inferior to other entrusted operating parks. It seems like the problem of the direct engagement of government remains to be solved.

References