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Facilitating Cultural and Creative Industries to Engage the Internet Era: A New E-Commerce Strategic Framework

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Abstract This paper takes the challenge and would like to advance our understanding of a new global economic growth phenomenon – when the Cultural and Creative Industries (CCI) engages the Internet Era. According to the United Nations Educational, Scientific and Cultural Organization (UNESCO), the world trade of creative goods and services was more than doubled from 2002 to 2011. There is a significant knowledge gap on how to apply appropriate E-Commerce strategies for CCI, particularly based on their special characteristics. This paper has the following two objectives: (1) Raise attentions for cross-disciplines collaboration through different (but which had been become relevant) research domains; and (2) Provide a new E-Commerce strategic framework for the CCI based on two years empirical multiple experiences, including two national-level projects and one local E-Commerce platforms that have been designed in Taiwan. The CCI should recognize that there are three key points when devoting efforts to E-Commerce activities: first, the E-Commerce platform should not only provide traditional commercial functions, but also need to regard for cultural dissemination and aesthetic design; second, the brand and its E-Commerce platform should make the customers perceive a certain degree of specific culture and art values; and third, this platform should reach a certain level of cultural and aesthetic knowledge transmission as most of the products sold on the current E-Commerce platforms do not deliver any knowledge. The paper points to the need for more study in this emerging area.

Keywords Cultural and Creative Industries, Electronic Commerce Strategic Framework, Cross-Disciplines Collaboration, Online Environment

1. Introduction

According to the United Nations Creative Economy Report 2013, pressed by the United Nations Educational, Scientific and Cultural Organization (UNESCO), the world trade of creative goods and services reached 624 billion US dollars in 2011, which was more than doubled from 2002 to 2011. Further information also indicated that it has 8.8% average annual growth rate during 2002 to 2011 (UNESCO, 2013). Japan's Ministry of Economy, Trade and Industry has announced a total 40.6 billion Japanese Yen investment (as of December 2014) for establishing "Cool Japan Fund" (Cool Japan Fund Inc., 2015). This fund aims to support and promote the development of demand overseas from diverse areas, including media and content, food and services, and fashion and lifestyle. Furthermore, in the report of "UK Creative Industries - International Strategy", the UK government has launched a scheme, named "Big Wins", and set a major perspective for creative sectors to "double creative industries services exports by 2020 to £31 billion" (UK Trade and Investment, 2014, p.5). Based on these evidences and information, the Cultural and Creative Industries (CCI) will become a new global economic growth point in the decade.

While prior research has extensively documented thoughts and core ideas of the CCI (Flew, 2012; Hartley, 2005; Hesmondhalgh, 2013), very little attention has been paid to the role of E-Commerce and their effects on the CCI progress, especially when meeting the era of information and communication technology. On the other hand, even online businesses have been accepted and practiced over two decades with functional business models (Laudon & Traver, 2014; Rappa, 2010; Rayport & Jaworski, 2003) and integrated strategic frameworks (Chaffey, 2011; Jelassi & Enders, 2008), most of these business models and frameworks were developed and design for enterprises and normal firms. Although Hesmondhalgh (2013) has indicated the vast impacts of the World Wide Web and digitalization on the cultural industries and Flew (2012) also reminded the

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creative industries that "dramatic shifts in the dominant technologies of production and consumption are central to the economics of media and creative industries (Flew, 2012, p.122)", there is still a significant knowledge gap on how to apply appropriate E-Commerce strategies for CCI, particularly based on their special characteristics.

This paper would like to take the challenge and advance our understanding of the phenomenon. It has the following two objectives: (1) Raise attentions for cross-disciplines collaboration through different (but which had been become relevant) research domains; and (2) Provide a new E-Commerce strategic framework for the CCI based on two years empirical multiple experiences, including two national-level projects and one local E-Commerce platforms that have been designed in Taiwan.

One limitation should be noted in front of the following content. The new E-Commerce strategic framework presented in this paper contains enormous information and activities inside and it is not easy, not at all, to express and explain them in a single article. However, I still believe it is time to share the knowledge and experiences with those who might be interested in this topic and draw global attention for this vital issue.

2. Conceptual Background

This paper concentrates on two focal concepts, namely the Cultural and Creative Industries (CCI) and online commerce strategies, in the context of global business environment, and the linkage between these concepts.

2.1. The Cultural and Creative Industries

The United Nations Education Scientific and Cultural Organization (UNESCO) defines the cultural industries as "industries which combine the creation, production and commercialization of creative contents which are intangible and cultural in nature. The contents are typically protected by copyright and they can take the form of a good or a service (UNESCO, 2006, p.2)". Those firms which conduct crafts, design, publishing, media, and phonographic productions all can be considered as cultural industries.

From the perspectives of business operation, Hesmondhalgh (2013, p.26) summarized four distinctive features of the cultural industries, including risky business, creativity versus commerce, high production cost and low reproduction costs, and semi-public goods. Hesmondhalgh mentioned that CCI "constitute a particularly risky business ……because they are centered on the production of texts that can be bought and sold" (Hesmondhalgh, 2013, p.27). The main reason behind this "risk" is about consumers' perception and instant online comments. Their opinions can make some cultural or fashionable products and services suddenly disreputable or outmoded but others become unpredictably popular. From the aspect of creativity versus commerce, when a product or service combines some cultural or historical understandings and some extra creativity or knowledge, it is still difficult to predict its functionality of commerce because it is very rare to consume a CCI product or service without understanding its distinctive nature of culture and context (Hesmondhalgh, 2013). Most of CCI products require high efforts and long time for making a prototype. However, once the prototype is made, its subsequent copies "are relatively cheap to reproduce" (Hesmondhalgh, 2013, p.29). This refers to the future of high production cost and low reproduction costs. CCI products and services are semi-public goods – its cultural and creative values will not be reduced by any other's consumption like commodities.

From the perspectives of goods and services, Throsby (2008, p.8) proposed that those cultural goods and services in various formats share the following characteristics: first, they require some input of human creativity in their production; second, they are vehicles for symbolic messages to those who consume them; and third, they contain, at least potentially, some intellectual property that is attributable to the individual or group producing the good or service. Most of the cultural goods and services serve diverse communicative and inherited purposes (Throsby, 2008). However, based on these distinctive features and characteristics, how to thoroughly consider them when progress the CCI's online business is still ambiguous.

2.2. Online Commerce Strategies

Many companies have engaged into the E-Commerce space as it presents a lot of opportunities for brands and retailers. When enterprises sought to take benefits and advantages from this channel, they have also faced some tough decisions, such as e-commerce platform design and maintenance, online marketing and advertising interfaces selection, social network and community formulation, and security and payment systems construction, and so on (Laudon & Traver, 2014). Prior literature, of course, has created a comprehensive base and knowledge for firms and companies to operate traditional online businesses, including Chaffey's generic strategy process model (Chaffey, 2011, p.248), Jelassi and Enders's e-business strategy framework (Jelassi & Enders, 2008, p.38), and Johnson, Scholes, and Whittington's exploring corporate strategy model (Johnson, Scholes, & Whittington, 2008, p.12). It is acknowledged that most of these strategic frameworks and models have their mechanisms on monitoring, evaluation, and response. Theoretically, they should be fitted and useful for any online businesses, including the CCI. However, they are not because this novel E-Commerce category brings together "a range of sectors which have not typically been linked with each other (Cunningham, 2005, p.284)".

2.3. The CCI and E-Commerce

Most of the CCI are micro-firms or small companies with limited capital and restricted physical human resources (Hesmondhalgh, 2013). The overwhelming majority of cultural and creative goods or services are generated by "the

thought and perception of culture" plus "human creativity and modern craft techniques". Currently these goods or services are delivered either directly to the customers and markets or, if meeting any possibility, to traditional E-Commerce platforms, such as Etsy (https://www.etsy.com/) or even Amazon, and then to be shopped by the potential consumers. Figure 1 illustrates the current circumstance, especially in Taiwan.

3. A New E-Commerce Strategic Framework for CCI

After briefly going through the conceptual background, this section would like to introduce a new E-Commerce strategic framework, especially for the Cultural and Creative Industries (CCI). This framework was developed and shaped up by multiple experiences, including two national-level projects, one local E-Commerce platforms that have been designed in Taiwan, and the literature from diverse disciplines. The new strategic framework has four major phases - *exploration and analysis*, *deployment and regimentation*, *development and formulation*, and *execution and readjustment*. Each phase contains several activities that specially should be considered by the CCI when devoting to their online business. Figure 2 expresses a new theoretical context when the strategic framework (see Figure 3) is embedded. Further information is documented as follows.

3.1. Phase 1 – Exploration and Analysis

When a micro-firm or small company would like to devote efforts for online business, especially in the CCI category, they should be well aware of that cultural business challenges include differences in cultural interests, social attitudes, customs, religions, and even languages (Flew, 2012; Hartley, 2005; Hesmondhalgh, 2013). Furthermore, many of the CCI products are defined or acknowledged as luxury goods or conspicuous goods (Frontier Economics, 2012) and will not be used for daily life. The CCI should not identify their customers as who simply like cultural and creative goods or services. It is better to explore the market opportunities with those consumers who are searching some ideal experiences and wish to receive both functionality and positive emotions. The online market place is very critical to position for the CCI because it has been overlapped by the online art markets or online traditional commercial markets. How to bring the customer's view of the ideal based on their affinity, behaviors, lifestyle, and personality with the actual online experiences has become a critical success factor. The CCI should carefully and thoroughly analyze their market opportunities in the very beginning.

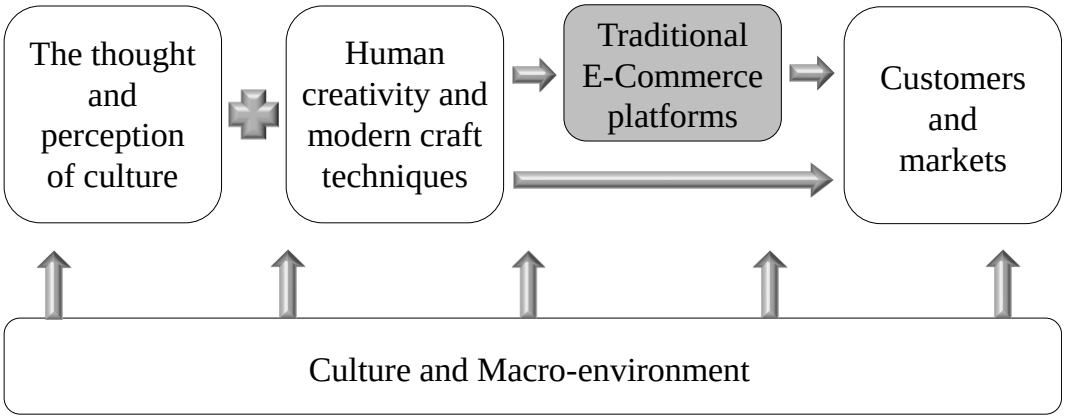

Figure 1. The Current Circumstance of Cultural and Creative Industries

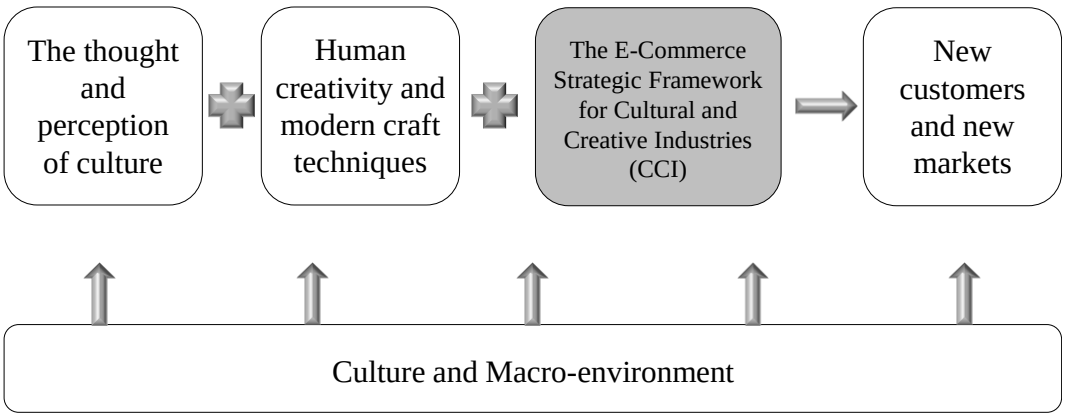

Figure 2. The new theoretical context for CCI when applying E-Commerce

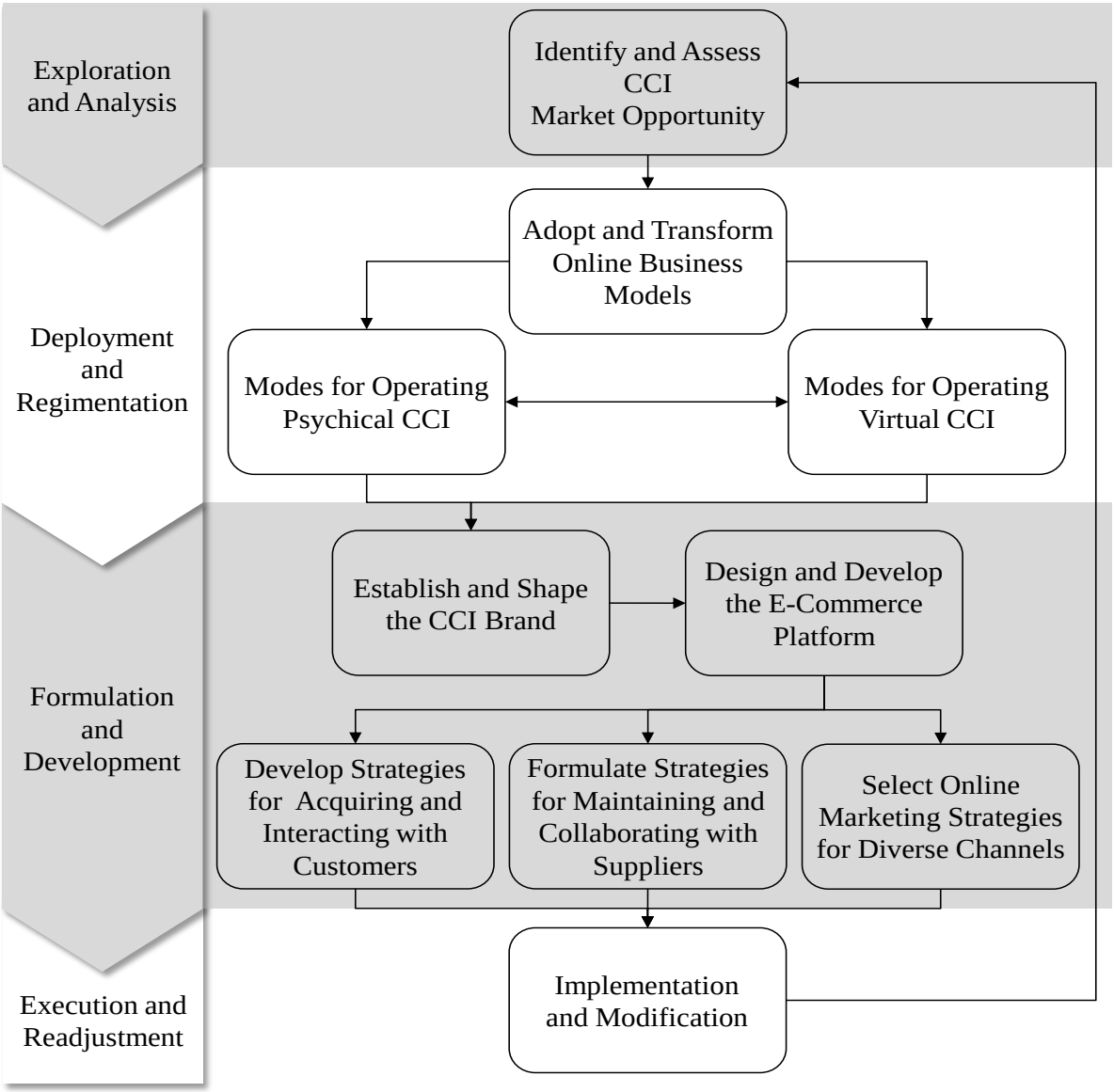

Figure 3. The New E-Commerce Strategic Framework for CCI

3.2. Phase 2 – Deployment and Regimentation

After accurately indicating and identifying the market position, the CCI should start to deploy and assemble their online business models. Based on the project experiences in Taiwan, we found that there is no single traditional online business model, which were proposed by E-Commerce experts, such as Laudon and Traver (2014), Rappa (2010), or Rayport and Jaworski (2003), suitable for the CCI based on their distinctive features and characteristics (Hesmondhalgh, 2013; Throsby, 2008). Most of the traditional online business models should be transformed, modified, or even combined, before practices. It is fortunate that Ramon and Tarzijan (2012) have given guidance for firms to consider when one business model is not enough and Girotra and Netessine (2014) have indicated four paths to business model innovation. If the CCI can consult these thoughts for their online strategies, it would be very beneficial.

During this phase, the CCI should also consider their operation mechanisms for their physical stores (or studios) and virtual marketplaces. The most interesting phenomenon is about the Cable News Network (CNN, 2015) has reported that Amazon opens its first store in New York. To combine the physical and the digital activities might transform an industry with everything in the digital era. Therefore, to mashup the physical and digital stores has become a key for most of the online businesses (Rigby, 2014), especially for the CCI.

3.3. Phase 3 – Development and Formulation

This phase would like to help the CCI to set up and settle down their online business. Before considering the five actions in this phase – *establishing and shaping the CCI brand*, *designing and creating the E-Commerce platform*, *developing strategies for acquiring and interacting with customers*, *advancing strategies for maintaining and*

collaborating with suppliers, and *selecting online marketing strategies for diverse channels* – the CCI should have a strong understanding of the following three key points that have not been clearly indicated in prior literature:

(1) the E-Commerce platform should not only provide traditional commercial functions, such as the images of a product, shopping cart, payment and transportation systems, but also need to regard for the cultural dissemination and aesthetic design;
(2) the brand and its E-Commerce platform should make the customers perceive a certain degree of specific culture and art values. Many consumers still believe that culture and arts can illuminate our lives and enrich our emotional understandings;
(3) this platform should reach a certain level of cultural and aesthetic knowledge transmission, as most of the products sold on the current E-Commerce platforms do not deliver any knowledge.

3.4. Phase 4 – Execution and Readjustment

For the CCI, there might be many factors affecting their implementation of E-Commerce, including customer restrictions for particular products or services because of different culture recognition, lack of employee experience as this is a new industrial category and might require employees to have broad knowledge from diverse disciplines, lack of supports and funds from authorities, and lack of technical resources or knowledge. These will seriously interfere with the CCI E-Commerce implementation process.

Based on the arguments of those predicaments that the CCI might face, a dynamic modification mechanism is highly necessary. Modifications concerning about customers should include increasing connections with customers through different online channels and stimulating customers' interests to the cultural background of products. Modifications concerning about suppliers should contain building consistent relationships with major suppliers and continuing to recruit new suppliers. From the aspect of E-Commerce operational modifications, the CCI are suggested to develop new commercial procedures and adjust online platform with new technology, such as the technique of Responsive Web Design (RWD) (Firtman, 2013; Frain, 2012).

4. Conclusions

Very few studies investigate E-Commerce strategies with a focus on the Cultural and Creative Industries. Thus, this paper hopes to raise attentions for the vital issue. The new E-Commerce strategic framework and the concepts advanced in this paper could enhance the current E-Commerce theories and the thoughts of how to operate a cultural and creative firm with global viewpoints.

In terms of implications for practice, this paper offers practical guidance to micro-firms or small companies, and even artists. The new E-Commerce strategic framework will help website designers re-consider how to embed cultural context and knowledge into an E-Commerce platform and how to design an interface with sensation and aesthetic. It will also assist the owners of CCI to re-think online information offering approaches and plan future modifications. In sum, the paper has demonstrated the important link between the ideas of Cultural and Creative Industries and a future possibility of online business.

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