

Pathways for Transforming and Upgrading the Tourism Economy in Zhejiang Province under the Innovative Development Initiative of the Cultural Tourism Market

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Abstract This paper examines the tourism economy of Zhejiang Province, exploring the pathways and mechanisms for its transformation and upgrading under the initiative of innovative development in the cultural and tourism market. In 2024, Zhejiang's tourism revenue reached 827.5 billion yuan, surpassing that of Hunan Province, the second-ranked region, by 1.3 billion yuan, ranking first in China. The study finds that despite its leading scale, Zhejiang's tourism economy still faces challenges such as product homogenization, insufficient digital integration, and inadequate regional coordination. Guided by the concepts of cultural-tourism integration and innovation-driven development, this paper proposes an integrated transformation framework based on four dimensions: digital empowerment, business convergence, policy synergy, and brand enhancement. Specific strategies are also outlined, including the development of smart cultural tourism, cultural-tourism IP creation, cross-regional cooperation, and international marketing. The research provides theoretical insights and practical references for promoting high-quality development of the tourism economy in Zhejiang Province and across China.

Key words Cultural tourism market, Innovative development, Tourism economy, Transformation and upgrade, Zhejiang Province

0 Introduction

The cultural and tourism industry is a significant component of Zhejiang Province's economy, accounting for 7.5% to 8% of its GDP. It also serves as a crucial driver for promoting coordinated regional development and achieving common prosperity. In recent years, accelerated consumption upgrading and digital transformation have posed challenges to traditional tourism models, making innovative development in the cultural and tourism market a key factor in driving economic transformation and upgrading. As a national demonstration zone for high-quality development of the cultural and tourism industry, Zhejiang Province possesses abundant natural and cultural resources. However, it still faces issues such as uneven development and insufficient momentum for innovation. Based on the practical experience of cultural and tourism development in Zhejiang Province, this paper systematically analyzes the current status and bottlenecks of tourism economic development, constructs a pathway system for transformation and upgrading, aiming to provide decision-making support for the high-quality development of Zhejiang's cultural and tourism economy.

1 Internal relationship between cultural tourism innovation and tourism economic transformation

1.1 Strategic significance of cultural tourism innovation

Cultural and tourism innovation serves not only as an engine for industrial upgrading but also as a vital pathway to enhancing cultural confidence and soft power. Zhejiang Province has proposed the

"Integrated Cultural and Tourism Development Project," aiming to shift from "site-specific tourism" to "comprehensive tourism" through format innovation, technological empowerment, and policy guidance. In practice, projects such as Hangzhou Songcheng's (Song Dynasty Town) "Song Dynasty Culture + Immersive Performances" and Liangzhu Ancient City's "Archaeological Experience + Digital Exhibitions" have gained popularity. New forms like intangible cultural heritage revitalization and digital cultural tourism continue to emerge, enriching consumption scenarios and revitalizing traditional culture. According to the plan, by 2025, the total output value of cultural and tourism industry in Zhejiang Province would reach 1.8 trillion yuan, accounting for 9% of GDP, with annual growth in cultural and tourism consumption for both urban and rural residents exceeding 8%.

1.2 Urgency of tourism economic transformation Despite achieving record-breaking tourism revenue in 2023, Zhejiang Province continues to rely heavily on income from entrance tickets to traditional attractions. Spending on other services and goods—known as secondary consumption—makes up less than 30% of the total, which is well below the 60% common in developed economies. Development is also unbalanced across regions. Hangzhou generated over 350 billion yuan in tourism income, whereas Lishui and Quzhou recorded only 65 billion and 58 billion yuan, respectively. This points to a clear divide between major urban centers and the 26 less-developed mountainous counties. These counties, despite their rich natural and cultural assets, often offer limited tourism experiences, making it hard to extend visitors' stays. As tourists increasingly seek quality and immersive experiences, the old model focused mainly on ticket sales is becoming obsolete. Upgrading the tourism economy is therefore a necessary step to

stay competitive, build resilience, and secure sustainable growth.

2 Analysis of the current situation and problems of tourism economic development in Zhejiang Province

2.1 Current situation of development Zhejiang Province boasts world-class tourism resources such as the West Lake, Wuzhen Ancient Town, and Thousand Islands Lake, complemented by natural ecological endowments like Yandang Mountain and Nanxi River, as well as cultural heritage sites including Hemudu and Liangzhu. The density and quality of its tourism resources rank among the highest nationwide. The "Poetic and Picturesque Zhejiang" brand continues to expand its reach through diverse channels such as cultural and tourism promotion events, cross-industry collaborations, and short-video marketing, extending its influence across key domestic and international source markets including the Yangtze River Delta, Pearl River Delta, Southeast Asia, Europe, and the United States. The province leads the country in digital cultural and tourism infrastructure, with widespread adoption of 5G networks, smart guide systems, and intelligent parking facilities in scenic areas, offering tourists "one-stop" convenient services. In 2023, rural tourism in the province delivered outstanding performance, receiving 420 million visitors and generating total operational revenue of 58 billion yuan. Over 1 100 "Zheyun Qiansu" (characteristic accommodations) have been cultivated, forming a distinctive industrial cluster centered on high-quality homestays and extended to agricultural experiences, rural study tours, and folk culture exhibitions. Investment enthusiasm in the cultural and tourism sector continues to rise, with newly added project investment exceeding 180 billion yuan in 2023. Among these, projects leveraging digital economy to empower cultural tourism and those promoting cultural-tourism integration accounted for over 50% of the total investment. Innovative areas such as VR immersive experiences, metaverse scenic spots, and cultural IP derivative development have become investment hotspots, injecting strong momentum into industrial upgrading.

2.2 Problems

2.2.1 Severe Product Homogenization. Most scenic spots still focus on traditional sightseeing products and lack iconic tourism offerings with distinctive cultural IPs. For instance, multiple fishing village attractions along the eastern coast of Zhejiang all promote "seeing the sea and eating seafood" as their core selling point, failing to integrate maritime culture or intangible fishing heritage to create differentiated experiences. There is also insufficient supply of innovative formats in niche segments such as family-friendly tourism, wellness travel, and study tours, while high-end customized products remain scarce. This makes it difficult to meet tourists' growing demand for personalized and high-quality experiences, leading to price-driven internal competition among scenic areas.

2.2.2 Superficial digital integration. Although the "Zheli Haowan" platform has served over 120 million users and covers 95% of 4A-level and higher scenic spots, its functions remain largely focused on basic services such as ticket booking and information

inquiries, with the value of data yet to be fully unlocked. Taking well-known attractions like Huangshanjian and Shenxianju as examples, their smart systems currently only support online ticket purchases and visitor flow statistics. They have not utilized data on tourist consumption preferences or travel routes to conduct targeted marketing, nor have they employed digital means to optimize route planning or business layout within the scenic areas. As a result, much of the "smart tourism" initiative remains at the level of superficial presentation, failing to genuinely enhance visitor experience or improve operational efficiency.

2.2.3 Regional development imbalance. Cities in northeastern Zhejiang, such as Hangzhou, Ningbo, and Jiaxing, have become core areas for cultural and tourism consumption due to their advantages as transportation hubs, well-developed supporting facilities, and strong brand influence. In contrast, the 26 mountainous counties in southwestern Zhejiang, including Lishui and Quzhou, although rich in high-quality resources such as Songyang's ancient villages, Kaihua's root carving culture, and Longquan celadon, face multiple constraints. These include poor transport accessibility (some scenic spots are over two hours' drive from the nearest high-speed railway station), weak supporting services such as accommodation and catering, and insufficient brand marketing efforts. As a result, the conversion rate of tourism resources remains low. In 2023, the total tourism revenue of the 26 mountainous counties amounted to approximately 160 billion yuan, less than 50% of Hangzhou's 350 billion yuan, indicating a further widening gap in regional development.

2.2.4 Consumption structure in need of optimization. Tourism spending remains dominated by rigid expenditures such as tickets and transportation, while secondary consumption including dining, shopping, and entertainment accounts for a low proportion. There is a lack of distinctive products and experiential activities that can stimulate tourists' willingness to spend. For example, in the Thousand Islands Lake scenic area, the average secondary consumption per visitor is less than 150 yuan. Characteristic cultural and creative products are mostly homogeneous items like keychains and postcards, lacking high-end or practical designs. In addition, nighttime tourism consumption is significantly underdeveloped. At present, nighttime tourism revenue in the province accounts for only 35% of total daily revenue, with most concentrated in traditional settings such as snack streets and night markets. High-quality nighttime formats, such as premium evening performances like "The Romance Show of the Song Dynasty Town," intangible cultural heritage experiences, and night cruise tours, remain insufficient. This represents a significant gap compared to more advanced regions like Shanghai and Chengdu, where nighttime consumption exceeds 50% of total tourism revenue.

3 Mechanism construction of tourism economic transformation and upgrading in Zhejiang Province

3.1 Digital empowerment mechanism By advancing digital transformation to address pain points in industrial development, an

integrated provincial-level management platform known as the "Cultural and Tourism Brain" will be established. This platform consolidates multidimensional information such as tourist flow, transportation capacity, consumption data, and weather alerts, breaking down data barriers between cultural and tourism, transportation, public security, and emergency response departments. It enables precise analysis of tourist behavior, intelligent allocation of tourism resources, and coordinated emergency management responses. In 2023, the transaction volume of tourism products booked through online platforms in Zhejiang Province increased by 35% year-on-year, significantly outpacing the growth of traditional offline consumption, indicating that tourists' digital consumption habits have been fully established. Building on this foundation, core functions of the "Zheli Haowan" platform should be further upgraded to incorporate innovative applications such as AR live-guided tours, AI-powered personalized itinerary recommendations, and metaverse-based virtual scenic experiences. Simultaneously, intelligent upgrades within scenic areas should be promoted, including the widespread adoption of smart interpretation devices, unattended service stations, and digital consumption scenarios. These measures will not only enhance immersive visitor experiences but also optimize operational efficiency and marketing precision through data-driven approaches.

3.2 Business format integration mechanism Deepen the cross-sector integration of "Culture and Tourism +", breaking industrial boundaries to build a diversified business ecosystem. Focus on promoting integration models such as "Culture and Tourism + Agriculture," "Culture and Tourism + Wellness," "Culture and Tourism + Intangible Cultural Heritage," and "Culture and Tourism + Technology," creating a series of immersive experience projects with core competitiveness. Currently, Zhejiang Province has established 12 national-level nighttime cultural and tourism consumption clusters, ranking among the top in the country. Various museums and art galleries annually receive over 80 million visitors, with "cultural and museum tours" and "intangible cultural heritage experience tours" becoming new consumption hotspots. Efforts should continue to strengthen the cultivation of distinctive integrated projects. For instance, support Shaoxing's "Yellow Rice Wine Town" in deepening its full-chain business formats, including rice wine brewing experiences, cultural performances, and themed homestays. Promote Huzhou's "Bamboo Sea Paradise" to expand extended services such as wellness stays, outdoor study tours, and bamboo culture creative activities. Simultaneously, encourage the development of products in niche sectors such as parent-child study tours, outdoor adventures, and traditional Chinese medicine wellness, transforming cultural resources into tangible, participatory, and consumable tourism experiences, thereby achieving deep integration of cultural expression and tourism consumption.

3.3 Policy coordination mechanism A cross-departmental and cross-regional collaborative system is established to provide institutional support for the transformation and upgrading of the

cultural and tourism sectors. A provincial joint conference mechanism for cultural and tourism development is set up to coordinate resources such as territorial spatial planning, cultural heritage conservation, transportation infrastructure, and digital technology application. This mechanism aims to resolve cross-departmental bottlenecks in project approval, land use assurance, and funding allocation. A provincial special fund for cultural and tourism innovation has been created, with a focus on supporting 26 counties in the mountainous areas of southwestern Zhejiang. The fund assists these regions in improving transportation networks, visitor service centers, smart parking facilities, and other infrastructure, while also fostering distinctive local formats that align with regional resource endowments. Policy guidance and market incentives are strengthened through tax benefits and subsidized financing for innovative projects in integrated cultural tourism, digital cultural tourism, and green cultural tourism. In 2023, investment in integrated cultural tourism projects accounted for more than 50% of the provincial total—a clear indicator that policy measures have successfully stimulated market engagement. Going forward, policy precision should be further refined to develop a full-process coordination mechanism characterized by "planning guidance, resource integration, financial support, and service assurance".

3.4 Brand enhancement mechanism An IP matrix integrating a "provincial master brand + regional sub-brands" is being built to comprehensively elevate the influence of the "Poetic Zhejiang" brand. The "One County, One Product" cultural and tourism IP cultivation plan is being implemented to support localities in deeply exploring their regional cultural characteristics, creating distinctive regional cultural tourism brands such as Songyang Ancient Villages, Longquan Celadon, and Kaihua Root Carving. Efforts are encouraged to apply for high-level recognitions, including national 5A scenic areas, all for one tourism demonstration zones, and cultural ecological preservation zones. Besides, brand communication channels are being broadened. Platforms for exchange are established through events such as the International Cultural Tourism Festival and the cultural tourism sub forum of the World Internet Conference. High quality cultural tourism documentaries and short videos are produced for overseas promotion, and targeted marketing is carried out via overseas social media accounts to cover major global source markets. At present, the awareness rate of regional cultural tourism brands in the province reaches 65%. However, there remains considerable room for improving their international visibility and influence. By integrating "content innovation + channel expansion + targeted communication," the "Poetic Zhejiang" brand can be further rooted locally while expanding globally, ultimately becoming a world renowned cultural tourism destination symbol.

4 Implementation paths of transformation and upgrading of tourism economy in Zhejiang Province

4.1 Developing smart cultural tourism A unified provincial digital platform for cultural tourism will be established, connecting

all scenic areas rated 3A and above as well as key cultural and museum venues. Initiatives such as "contactless park entry", "smart guided tours", and "immersive night tourism" will be promoted to enhance visitor convenience and experience. A big data analytics system for cultural tourism will be developed to support government decision-making and enterprise operations. By 2025, the coverage rate of smart cultural tourism is expected to exceed 90%, with visitor satisfaction targeted to rise above 95%.

4.2 Developing culture-tourism integrated projects Efforts should be made to support the development of cultural-tourism complexes, cultural-tourism districts, and cultural-tourism villages, facilitating the transformation of cultural resources such as intangible cultural heritage, folk traditions, and festivals into tourism products. Artists and designers will be encouraged to reside in villages for creative endeavors, fostering new formats like "art villages" and "design towns." It is projected that by 2025, investment in integrated cultural-tourism projects will reach 200 billion yuan, generating employment for 500 000 people.

4.3 Regional coordination and benefit sharing A "Mountain – Marine Collaboration" model will be implemented in the cultural and tourism sector, guiding developed regions such as Hangzhou and Ningbo to jointly develop cultural and tourism projects with mountainous counties including Quzhou and Lishui, under a revenue-sharing mechanism. Cross-regional cultural and tourism routes, such as the "Southwest Zhejiang Ecological Journey" and the "Eastern Zhejiang Tang Poetry Road", will be developed. By 2025, the target is for the 26 mountainous counties to achieve an average annual tourism revenue growth rate exceeding 15%, thereby narrowing the gap with more developed areas.

4.4 Internationalization and brand marketing A "Zhejiang Cultural Tourism Overseas Promotion Center" will be established to conduct publicity and promotion activities in major tourist source markets. Cooperation will be carried out with international cultural tourism platforms (such as Tripadvisor and Booking.com) to launch Zhejiang dedicated pages and customized travel itineraries. An International Cultural Tourism Innovation and Investment Conference will be organized to attract global capital and creative talent. The target by 2025 is to restore inbound tourism revenue to 150% of the 2019 level and to rank among the top three in China in terms of international brand influence.

5 Policy recommendations

5.1 Strengthening top-level design and legislative support

It is recommended to formulate the *Zhejiang Province Cultural and Tourism Innovation Development Regulations* to clarify support policies regarding land use, funding, and talent for the cultural and tourism sectors. Incorporate cultural and tourism development indicators into the local government assessment system, setting quantitative metrics such as "revenue growth rate," "employment conversion rate," and "investment growth rate," with a weighting of no less than 15%.

5.2 Increasing fiscal and financial support A 20-billion-

yuan cultural and tourism industry guidance fund will be established to encourage private capital participation in cultural and tourism projects. Eligible cultural and tourism enterprises will receive support such as tax reductions and loan interest subsidies, with additional incentives provided to those investing in southwestern Zhejiang. Furthermore, "special cultural and tourism bonds" will be issued, offering a committed annualized return of no less than 4%.

5.3 Promoting the cultivation of cultural and tourism talents

It is recommended to establish the "Cultural and Tourism Talent Excellence Program" to attract and cultivate interdisciplinary professionals in cultural and tourism planning, operations, digital technology, and other related fields. Collaboration between universities and cultural and tourism enterprises will be promoted to jointly develop practical training bases, aiming to cultivate 5 000 specialized personnel annually. Housing subsidies and preferential settlement policies will be provided to address the shortage of key talents.

5.4 Constructing cultural tourism innovation ecology It is necessary to encourage cultural and tourism enterprises, universities, and research institutions to establish innovation alliances for joint technological R&D and model innovation. Support will be provided for the development of cultural and tourism maker spaces and incubators, with 100 innovative projects assisted annually. A "Cultural and Tourism Innovation Index" will be established to regularly assess the innovation performance of different regions.

6 Conclusions

The transformation and upgrading of the tourism economy in Zhejiang Province represent a crucial pathway toward promoting high-quality development and achieving common prosperity. Based on the latest industrial data, this paper proposes a four-in-one mechanism integrating "digital empowerment, business format integration, policy coordination, and brand enhancement" along with corresponding implementation pathways, which demonstrate strong practical applicability and potential for wider adoption. Moving forward, it is essential to further strengthen policy implementation, data driven approaches, and social participation, guiding Zhejiang's cultural and tourism sector from "resource driven" to "innovation driven" growth, ultimately building a globally influential cultural and tourism destination. By 2025, it is projected that the total output value of the province's cultural and tourism industry will reach the target of 1.8 trillion yuan, accounting for 9% of GDP—marking both qualitative enhancement and reasonable quantitative growth.

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(Fig. 5a). In contrast, Junan County and Xintai City exhibit a "concentric ring-like" sprawling pattern (Fig. 5b, Fig. 5c).

2.3.3 Leapfrog expansion. Leapfrog expansion occurs when new land use areas emerge on the outskirts of a city. These areas are usually large, have their own infrastructure, and are relatively less dependent on the central city. In the Yimeng Old Revolutionary Base, each county and district has established independent functional zones, such as economic development zones and high-tech industrial development zones, which allow urban construction land to expand toward the suburbs by "leapfrogging" over urban development barriers. The new districts grow in coordination with the main urban area, and the connections between them have become increasingly strong. Supported by the main urban area, the new districts can develop quickly. The development trajectory of the development zone in Yi'nan County illustrates the growing closeness between the main urban area and the development zone (Fig. 6a, Fig. 6b).

3 Conclusions

Using the Yimeng Old Revolutionary Base as the study region, this research analyzed the driving factors behind urban land expansion since 2000, based on raster data from land use classification and relevant statistics for five years: 1980, 1990, 2000, 2010, and 2018. Through an examination of the characteristics, patterns, and land sources of urban expansion, the following conclusions can be drawn:

(i) Urban land expansion in the Yimeng Old Revolutionary Base was fastest during 2000 – 2010, qualifying as rapid expansion. The pace slowed during 2010 – 2018, indicating medium speed expansion. From 1980 to 2000, due to relatively underdeveloped economic conditions, and because the study area includes one of 18 contiguous impoverished regions designated by the state, urban land expansion was very slow, representing low speed expansion.

(ii) The local urban land expansion patterns in the Yimeng Old Revolutionary Base mainly fall into three types: ribbon type expansion, dispersed expansion, and leapfrog expansion.

(iii) During urban land expansion in the Yimeng Old Revolutionary Base, about 62.929% of the newly expanded land came from cultivated land, followed by rural industrial and mining residential land, and then grassland. In terms of area, the cultivated land occupied amounted to 83.325 5 km², significantly more than other land types.

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