

The Internal Mechanism and Implementation Path of the Culture-Tourism Industry in Promoting Urban Renewal: A Coupled Perspective of Embeddedness Theory and Public Value Creation

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Abstract: At a historical moment when China's urbanization rate has exceeded 65%, the logic of urban development is shifting from incremental expansion to the quality improvement of existing space. Urban renewal, as a key carrier of this transition, faces multiple governance dilemmas, including spatial dysfunction, industrial hollowing-out, and cultural rupture. With strong integrative capacity, permeability, and spillover effects, the culture-tourism industry has become a crucial variable for addressing these problems. However, existing studies have often focused on either economic evaluation or physical spatial transformation, leaving the black box of how culture and tourism become deeply involved in the renewal of urban systems insufficiently explained. From the dual perspectives of embeddedness theory and public value theory, this paper develops a coupled framework linking institutional, economic, and cultural embeddedness with the creation of economic, social, and cultural public value. Taking Beijing 798 Art District as a typical case of industrial heritage renewal, the study finds that the culture-tourism industry is not merely an additive element in urban renewal. Rather, it gains institutional support through institutional embeddedness, activates endogenous growth through capital and industrial-chain embeddedness, and reshapes spatial meaning through symbolic and memory embeddedness. These processes jointly promote spatial reproduction, collaborative governance, and cultural resilience. Accordingly, the paper proposes implementation paths involving top-level design, industrial ecosystem reconstruction, spatial narrative activation, and multi-actor co-governance, aiming to provide theoretical reference and practical inspiration for organic urban renewal in China.

Keywords: Culture-tourism integration; Urban renewal; Embeddedness; Public value; Industrial heritage; Beijing 798 Art District

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1. Introduction

As China's urbanization enters its second half, large-scale land development and infrastructure construction are gradually giving way to the optimization and functional upgrading of existing urban space ^[1]. The Fourteenth Five-Year Plan and the Long-Range Objectives through 2035 clearly call for the implementation of urban renewal actions ^[2]. Behind this rapid policy and practical expansion, however, a real-estate-oriented renewal logic still appears in some places: demolition and reconstruction produce homogeneous cityscapes, gentrification compresses the living space of original residents, and historical context is interrupted by standardized redevelopment. Such a mode of renewal lacks social warmth and historical depth, and may deprive cities of their distinct spirit.

In this context, the culture-tourism industry has been entrusted with a new mission. It is not only a source of consumption growth but also a catalyst for revitalizing stock space, adjusting industrial structure, and repairing social networks ^[3-4]. Successful cases ranging from the transformation of Beijing 798 from an industrial rust belt into an art landmark to culture-led regeneration projects in other Chinese cities show the potential of tourism and culture to empower urban renewal ^[5]. Yet the mechanism remains underexplored: through what processes does culture-tourism change the trajectory of urban renewal, and is the value it creates only economic?

To answer these questions, this paper moves beyond the linear logic of input and output. Embeddedness theory is introduced to interpret how culture-tourism elements enter urban systems, while public value theory is used to evaluate renewal outcomes. Beijing 798 Art District is selected as the case because it is a living specimen of industrial heritage renewal in China and because it has experienced a relatively complete life cycle, from spontaneous clustering and institutional recognition to high-quality development. Its trajectory is therefore suitable for revealing the process mechanism and value logic of culture-tourism-led urban renewal.

2. Theoretical basis and analytical framework

Embeddedness theory provides a process perspective for explaining the intervention of culture-tourism in urban renewal. Polanyi first proposed the idea of embeddedness, and Granovetter further emphasized that economic action is rooted in networks of social relations ^[6]. In the context of urban renewal, the embeddedness of the culture-tourism industry is a multidimensional structural process. Institutional embeddedness means that culture-tourism development must conform to national strategies, local plans, and regulatory frameworks, thereby providing institutional support and resource access. Economic embeddedness refers to capital flows, industrial-chain construction, and consumption-market cultivation. Through diversified capital and a closed loop of production, consumption, and service, dormant assets can be reactivated. Cultural embeddedness is the core feature that distinguishes culture-tourism from ordinary industries; it involves the excavation and reconstruction of local history, collective memory, and spatial symbols, thereby giving physical space emotional meaning and social value.

Public value theory provides an outcome perspective for measuring renewal performance. The public value management paradigm proposed by Mark Moore argues that public action should not merely pursue efficiency, but should create values expected by the public ^[7]. Culture-tourism-driven renewal should therefore go beyond GDP growth and consider economic value, such as tax revenue, employment, and industrial upgrading; social value, such as community cohesion, open public space, and improved governance; and cultural value, such as heritage protection, city branding, and cultural identity.

Based on these two theories, this paper argues that the culture-tourism industry promotes urban renewal

through a coupling process between three-dimensional embeddedness and public value co-creation. Culture-tourism elements break rigid spatial structures through institutional, economic, and cultural embedding. In this process, multiple stakeholders interact, negotiate, and jointly produce public value. The realization of such value in turn reinforces institutional support, attracts economic input, and enriches cultural meaning, forming a spiral and self-strengthening cycle.

This framework also helps explain why culture-tourism renewal differs from ordinary commercial redevelopment. Commercial redevelopment often treats space as a container for rent and sales, whereas culture-tourism renewal treats space as a relational field. The value of a street, factory, or neighborhood is produced not only by land price but also by stories, memory, participation, accessibility, and the density of cultural interaction. Therefore, the effectiveness of renewal depends on whether institutional arrangements, market mechanisms, and cultural narratives can be coordinated rather than separated.

In analytical terms, institutional embeddedness answers the question of institutional support, economic embeddedness answers the question of sustainability, and cultural embeddedness answers the question of meaning. Public value creation is the bridge that connects these processes with renewal outcomes. If institutional support is weak, projects may be short-lived; if economic mechanisms are weak, renewal cannot operate continuously; if cultural meaning is weak, renewal may become a generic consumption space. A balanced coupling of the three dimensions is thus the key to high-quality renewal.

3. Case description: The iterative logic of Beijing 798 Art District

Beijing 798 Art District is located in Jiuxianqiao Subdistrict, Chaoyang District. Its predecessor was the North China Radio Equipment Joint Factory, built during the First Five-Year Plan period. The renewal process of 798 is a condensed reflection of urban spatial restructuring after China's reform and opening up^[8].

Its representativeness lies in three aspects. First, it contains clear industrial heritage resources, including workshops, chimneys, pipelines, slogans, and production memories. Second, it has experienced the coexistence of artists, property owners, government, merchants, tourists, and residents, making it a typical arena of multi-stakeholder negotiation. Third, it has shifted from a marginal cultural enclave to a well-known urban landmark, which allows the dynamic relationship among spontaneity, regulation, commercialization, and publicness to be observed over time.

The first stage was spontaneous embeddedness from 2000 to 2005. With state-owned enterprise restructuring, large factory buildings became idle. Low rents and distinctive Bauhaus-style industrial architecture attracted artists, galleries, and cultural institutions. This stage was characterized by weak institutional embeddedness and strong cultural embeddedness. As pioneering actors, artists created exhibitions, studios, and cultural events that endowed the old factory area with artistic value from the bottom up, completing the initial assignment of meaning to space.

The second stage was institutional standardization from 2006 to 2019. As the art district became famous, the local government began to intervene more actively. Chaoyang District recognized 798 as a cultural and creative industry cluster, thereby strengthening its institutional embeddedness. Sevenstar Group established a property management and operation mechanism, and commercial capital was introduced, which strengthened economic embeddedness. This process improved infrastructure and visibility, but it also produced tensions, especially rent increases and the outflow of some artists. The case thus shows that embeddedness is not a smooth process; it is also a field of negotiation among institutional arrangements, marketization, and cultural autonomy.

The third stage is integration and quality improvement from 2020 onward. Facing consumption upgrading and technological change, 798 has promoted a dual drive of culture and technology. By introducing new formats such as digital art and immersive exhibitions, holding international art festivals, improving pedestrian spaces, and building an industrial heritage database, it has transformed from a single art park into an important window for international cultural exchange. At this stage, embeddedness has become more systematic and the orientation toward public value more explicit.

4. Internal mechanisms: How three-dimensional embeddedness drives renewal

Institutional embeddedness upgrades governance from tolerance to empowerment. First, strategic positioning anchors the direction of renewal. Incorporating 798 into Beijing's cultural-center construction strategy helps prevent the site from being swallowed by real-estate development driven by land appreciation, and also brings policy and financial support. Second, institutional embeddedness promotes pluralistic co-governance. The governance structure of 798 has gradually formed a chain linking district government regulation, property ownership, park operation, and cultural content providers. Mechanisms such as consultation platforms allow artists, firms, and community actors to express opinions, reducing social friction in the renewal process. Third, institutional embeddedness improves the business environment. Policies such as financing channels and tax incentives for cultural and creative enterprises address the difficulties of light-asset cultural firms and stabilize the ecology of cultural production. More importantly, institutional embeddedness changes the role of government from an external approver to an institutional integrator. Through planning control, heritage protection, public-space supply, and policy coordination, public power can transform fragmented cultural resources into an orderly renewal agenda.

Economic embeddedness provides the driving force for spatial activation. On the one hand, 798 has moved beyond a simple rent-collection model toward industrial-chain integration. By extending to artistic creation, exhibitions, art finance, bonded art services, and digital platforms, it has created a more complete art-industry ecosystem and increased output per unit of space. On the other hand, it has integrated cross-border consumption scenarios. Flagship stores, first stores, immersive experience venues, cafés, bookstores, night-time events, and fashion activities connect art consumption with everyday consumption. As a result, tourists' length of stay and the vitality of the district have increased, and the district has shifted from a single-space economy to a comprehensive consumption economy. The essence of this transformation is the shift from land-value extraction to flow-value creation: value is generated by repeated visits, cultural participation, social communication, and the continuous circulation of creative resources.

Cultural embeddedness is the core competitiveness that distinguishes 798 from ordinary commercial complexes. First, industrial heritage is protected in an active form. Rather than demolishing and rebuilding, 798 generally follows a micro-renewal strategy: mottled slogans, pipes, trusses, chimneys, and Bauhaus-style workshops are retained as both historical traces and materials for new artistic production. This ruin aesthetic forms a distinctive sense of place. Second, collective memory is translated into contemporary cultural products. Through exhibitions, archives, oral histories, and digital displays, the industrial past becomes perceptible and participatory, evoking emotional resonance among former workers and helping younger generations understand the development trajectory of the city. Third, 798 embeds local cultural space into global cultural networks by hosting international exhibitions and dialogues, thereby enhancing

Beijing's cultural visibility. Cultural embeddedness also provides a corrective to over-commercialization: when memory and identity remain visible, the district can maintain symbolic uniqueness and avoid becoming a replaceable shopping scene.

5. Implementation paths based on public value creation

First, top-level design should be strengthened to build an inclusive institutional guarantee system. Governments should shift from a developer-led mindset to a public-value-oriented approach and clarify the functional positioning of culture-tourism renewal in planning. A negative-list management system should be introduced for the rigid protection of industrial heritage, historic streets, and key spatial elements. Special funds and incentive mechanisms can guide social capital into projects that have long payback periods but significant social benefits.

Second, industrial integration should be deepened to cultivate an endogenous economic ecosystem. Culture-tourism projects should avoid becoming hollow showcases. A two-way integration of culture-tourism plus other sectors and other sectors plus culture-tourism should be promoted. Digital technologies, including VR, AR, and immersive media, can empower traditional scenes and create new consumption growth points. Formats such as first-store economy, night-time economy, exhibition economy, and experience economy can improve the efficiency of stock-space use ^[9].

Third, cultural genes should be activated to reshape warm and meaningful spatial narratives. Urban renewal is not only the repair of buildings but also the continuation of context. Each place should establish a customized cultural excavation mechanism to identify historical memory, industrial remains, local life, and intangible cultural heritage. Spatial design should preserve everyday vitality and human relations, avoiding excessive commercialization and themed imitation. Public art, community exhibitions, and participatory storytelling can enable citizens to co-create spatial meaning.

Fourth, co-governance mechanisms should be improved to realize multi-actor value co-creation. Platforms involving government, market actors, communities, cultural institutions, tourists, and original residents should be institutionalized. Before renewal, local communities should be consulted, and their right to know and benefit should be protected. During renewal, professional operation teams should improve service quality. After renewal, dynamic evaluation should include soft indicators such as the quality of public space, cultural accessibility, resident satisfaction, and social inclusion, so that renewal outcomes benefit the wider public.

6. Conclusion and discussion

This paper has revealed the deeper logic through which the culture-tourism industry promotes urban renewal. The findings show that culture-tourism becomes an effective renewal path because it is able to embed itself in the institutional, economic, and cultural dimensions of the city. Through this process, it breaks the path dependence of traditional physical renewal and realizes a transition from single material improvement to the creation of multiple public values. The case of Beijing 798 demonstrates that only when culture-tourism is genuinely embedded in urban texture and cultural context, and only when public value creation is taken as the guiding principle, can urban renewal gain durable vitality.

The study also has limitations. It focuses on an industrial heritage case, while future research may extend the framework to historic cultural districts, old commercial areas, waterfront spaces, and aging residential

communities. Comparative studies could further examine the heterogeneity of embeddedness patterns. In addition, the quantitative assessment of invisible public values, such as happiness, cultural identity, and social belonging, remains an important direction for future research.

The practical implication is that cities should not understand culture-tourism renewal as the simple addition of scenic functions, commercial brands, or visitor facilities. Its real task is to reconstruct the relationship among people, place, industry, and governance. For old urban areas with historical burdens and limited incremental land, this approach offers a path from physical removal to organic growth, from short-term beautification to long-term value creation, and from single-subject development to public participation.

Disclosure statement

The authors declare no conflict of interest.

Author contributions

Meizhen Quan conceived the study and designed the framework. Yixuan Song collected and organized the literature. Leyao Zhou analyzed the case materials. Rong Zeng revised the manuscript and supervised the final version.

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