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Zong Xiaolian

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ZONG Xiaolian
Fukuoka Women’s University

1. Introduction

The development of a tourist souvenir industry can not only bring indirect income to local inhabitants, it can also contribute to revitalizing local culture, maintaining traditional community, and to the development of a sustainable tourist industry. Machine-made commodities which are produced by enterprises in coastal areas occupy an important place in the tourist souvenir market in most Chinese destinations at the moment, and most of those souvenirs are similar and of inferior quality. Souvenirs which have distinctive local features, worthy to be remembered and collected and produced by local enterprise are rare. The tourist industry as a whole does not bring about the resurgence of traditional art forms or skilful craftsmanship. Local enterprises can not compete with mechanized factories in more developed areas of China. This is the problem in the Lijiang tourist souvenir market which the author has been investigating. The thesis is based on data collected from 2001 to 2008 in three periods of investigation. The study analyzes reasons why non-local souvenirs occupy an important place, and why local specialties can not take their place in the souvenir market. It also offers suggestions for the development of local souvenir enterprises.

2. Research background

The production and sale of tourist souvenirs are important components of the tourism industry, which have great significance for improving the efficacy of that industry and promoting the development of the local economy. At the same time, as one important chain of six elements of “traffic, travel, accommodation, food, shopping and amusement”, tourist shopping also is one important way to enrich the tourism experience of the tourists and improve their satisfaction. However, there generally are problems such as the fact that small commodities mechanically produced in distant places are mainstream, with little variety and poor quality in most of the souvenir markets in Chinese destinations, and the market share of tourist souvenirs with local characteristics that are worth collecting is very small. Compared with 40% of tourism shopping in tourism consumption in other countries with developed tourism industries, the proportion of tourism shopping consumption in China has
always stayed at more or less 20%. It was shown from the investigation of the tourist souvenirs market organized by Beijing City Tourism Bureau in 2001 that the highest proportion of tourist shopping consumption in Beijing City was 19% and the lowest only 9.3% from the 1980’s to the year 2000. In the fieldwork area of the author – the World Heritage site of the Old Town of Lijiang, the income of tourist souvenirs only occupies 7% or so of the total tourism income and more than 80% of these tourist souvenirs come from other places. The reason that non-local products occupy a dominant position and that local products can hardly compete with them, are analyzed as a case study and resulting suggestions are brought forward for the development of the local tourist souvenir industry in this paper.

The Old Town of Lijiang is located in the Gucheng District of Lijiang City in the northwest of Yunnan Province, which has been called “the forgotten kingdom” by the Russian Peter Goullart (1955). Lijiang was known by westerners through publications written by foreigners who visited there, which contribute to the construction of the Lijiang myth today. At the beginning of the 1990’s, the Yunnan Provincial Government turned the tourism development focus to the northwest area of Yunnan Province and Lijiang County. In 1996, an airport was opened near Lijiang city allowing tourists to avoid the 24+ hour bus ride from Kunming. However, the 1996 Lijiang earthquake, which occurred at 7:14 PM on 3 February 1996 near Lijiang City, measuring 7.0 on the Richter scale, damaged most of the old buildings in the Dayan “Old Town” at a time when the Old Town was being energetically promoted as a World Cultural Heritage. In 1997, the Old Town of Lijiang was registered as a UNESCO World Cultural Heritage site and the tourism industry had become the local pillar of industry by the end of the 1990’s. In 2000, the number of tourists visiting Lijiang County reached 2.58 million persons, with the total revenue of the tourism industry reaching RMB 1.34 billion Yuan. After entering the 21st century, the “Three Parallel Rivers” area in the northwest of Yunnan Province, including Laojun Mountain of Lijiang, was placed on the World Natural Heritage List, and the ancient Lijiang Naxi Dongba literature manuscripts were put on the World Memory Heritage List by UNESCO, so that Lijiang now has three “world heritage” laurels. Lijiang tourism has become the brand and highlight of tourism in southwest China. In the year 2007, Lijiang City received a total of 5.3 million overseas and domestic tourists with a total revenue for the tourism industry of RMB 5.8 billion Yuan. Lijiang has become a popular tourism destination worthy of the name. In about 20 years of rapid development of the tourism industry, the tourist souvenir market in Lijiang has also expanded following the steps of the tourists.

Historically, Lijiang was a place along the southwest Silk Road from Chengdu to Dali and Baoshan to Myanmar and India, and it also was a transfer station on the ancient tea-horse road from Simao to Nepal and India through Dali and Lhasa. This important geographic position helped to bring about the flourishing business and trade of Lijiang and the development of the local handicraft industry. The bronze ware, silver ware, fur and leather of Lijiang are famous in the northwest area of Yunnan Province.

Scholars generally have two views on the research of the influence of the tourism industry on the local handicraft industry: some (Deitch 1989 [1977]; Graburn 1976) think that tourism may be helpful to its renaissance and that the market brought about by tourism
can be helpful to the protection of traditional art forms to enable the culture to remain “lively” and at the same time realize some development. But others (Bascom 1976; May 1977) think that the quality and profound meaning of handicraft may be reduced in the process of commercialization and their cultural content and aesthetic value are greatly reduced compared with traditional art. It seems that the development space for the traditional handicraft industry in Lijiang brought about by the tourism industry is not great. Under the intrusion of a large quantity of outside commodities, even the handicrafts entering the tourism market face many problems.

3. Overview of the tourist souvenir market in the Old Town of Lijiang

In order to find out the detailed status of the tourist souvenir market in the Old Town of Lijiang, the author carried out an investigation on the tourist souvenir shops in the Old Town in April of 2001, October of 2003 and March of 2008. It can be said that the tourist souvenir shops have continuously extended in the streets of the Old Town and the number has ceaselessly increased with the development of the tourism industry in Lijiang.

The scope of the author’s investigation in 2001 included the Shuangshi section- the Cuiwen section- the Huangshan lower section of Xinhua Street, East Street- Sifang Street,
Sifang Street- Guanmenkou, Jianluoguo- Xianwen Lane, Dishi Lane- Mishi Lane- Baishuifang of Xinyi Street, the lower section of Xingren- the middle section of Xingren of Wuyi Street Guanyuan of Guangyi Street etc... All the streets where tourist souvenir shops existed in the Old Town are included. A total of 743 shops, 91 restaurants and 57 inns are distributed in these tourism streets, of which there are 651 shops selling tourist souvenirs. By 2003, Qiyi Street, which was formerly rather scanty, had become busier with shops extending to Nanmen Residential Quarter. The shops in the Lower Section of Huangshan of Xinhua Street had also extended to Wangu Tower and the shops in Guanyuan Lane- Xianwen Lane of Guangyi Street had also slightly increased. The scope of the author’s investigation was therefore also widened. By 2003, the shops had increased to 895, the restaurants to 110 and the inns to 78, of which, 807 shops were selling tourist souvenirs. By 2008, the tourism streets in the Old Town had basically not extended further and only the number of shops in some streets had slightly increased. For example, with the development and construction of Nanmen Residential Quarter, Qiyi Street had become more flourishing and Wuyi Street, which was previously vacant, had also become busy. So the investigation scope in 2008 was basically the same as in 2003, only the number of shops selling tourist souvenirs had reached 872.

Since each shop generally sells more than one commodity, the author takes the variety of tourist souvenirs as the unit of analysis but does not takes the shop as a unit. The tourist souvenirs are divided into three categories: outside commodities, local commodities, and art (painting and calligraphy) commodities, and these are classified into 41 varieties according to whether they are relevant to local historical culture, whether they have local cultural characteristics and whether they are produced locally.

According to the above data, there were 17 outside commodities, nine local commodities and four art commodities in the tourist souvenir market of the Old Town in 2001. The first ten commodities with the largest quantity of shops were tea, Dongba culture handicrafts, woodcarving with non-local styles, silverware, batik and tie-dyed products, national cotton clothing, Miao embroidery products, medicinal materials, Tibetan style ornaments and archaized craftwork, of which there were eight outside commodities and two local products. By 2003, there were 20 outside commodities, 11 local commodities and five art commodities. The first 10 commodities with the largest quantity of shops were: small hanging ornaments, silverware, tea, Dongba culture handicrafts, national cotton clothing, archaized craftwork, scarves, national cloth bags, batik and tie-dyed products, as well as Dongba culture shirts, of which there were seven outside commodities and three local products. By 2008, there were 20 outside commodities, 11 local commodities and five art commodities. The first ten commodities with the largest quantity of shops were small hanging ornaments, scarves, silverware, tea, national cotton clothing, leisure clothing, Dongba culture handicrafts, archaized craftwork, batik and tie-dyed products as well as woodcarving with non-local style, of which there were eight outside commodities and two local products.

It can be seen that outside commodities not only have more variety but also many more shops than local products and have an absolute advantage in the tourist souvenir market in Lijiang. At the same time, there is a trend for the proportion of outside commodities to become greater and greater. In fact, even among those commodities nominally called
Figure 1  Changes of sale status of outside souvenirs in the Old Town from 2001 to 2008.

Note: 1. Small hanging ornaments include necklaces, bracelets, waist chains, finger rings, earrings etc. with modern leisure style and the material includes plastic, metal, wood as well as what is called pearl, jade etc. 2. ‘National cotton clothing’ mainly refers to various clothes made of cloth material with gunny cloth texture and designs of national characteristics. Most of these clothes are brought from Kunming, Dali etc. and are not produced locally in Lijiang. The national cloth bags are the same. 3. ‘Archaized craftwork’ includes low-grade and high-grade antique shops selling everything from painting and calligraphy to various ornaments. 4. ‘Wood carving with outside’ style mainly refers to the same wood elephants and human figures of Dai nationality as found in Xishuangbanna, Dehong etc. 5. Due to the cold climate in Lijiang, various scarves and shawls are very welcome to tourists.Scarves and shawls have gradually become the main tourist souvenirs. The scarf generally can be divided into a cheaper popular commodity mechanically produced in other places and hand-woven scarves of the Mosuo people which are included in the local commodities in the following section.
Figure 2  Changes of sale status of souvenirs with local characteristics in the Old Town from 2001 to 2008.
Note: 1. ‘Dongba culture handicrafts’ mainly refers to various wooden trays, wooden tags, wooden dippers etc. carved with Dongba pictographs. 2. According to the investigation of the author, the shops manufacturing and selling leather bags in the Old Town actually purchase the manufactured leather material wholesale from other places and what the shopkeepers do is only to make various purses, handbags or satchels out of it in accordance with the taste of modern tourists. 3. By 2008, Dongba culture shirts, formerly T-shirts with Dongba pictographs drawn on them, were much fewer, and those with various characters and patterns relating to leisure and romantic feelings had become more common.

Figure 3  Changes of sale status of art souvenirs in the Old Town from 2001 to 2008.
local products, there still is a large proportion produced in other places. For example, though silverware making is a traditional handicraft artistry, there were not more than 20 shops selling the silverware made by Lijiang people among more than 100 shops selling silverware in the Old Town by 2003. Most other dealers come from Dali and the commodities are mainly wholesaled from Dali and other places. The hammering sound in the shops is nothing more than a display for tourists. In 1998, when the author first walked into the Old Town of Lijiang, various brass and cupronickel products could be seen everywhere in Sifang Street. It was understood through investigation that all these products were “Lijiang bronze ware” manufactured by Heqing people of Dali. And in recent years, the “Lijiang bronze wares” of Heqing people have been completely crowded out of the Old Town. Even some of the Dongba culture handicrafts have also begun to be mechanically produced in other places and then wholesaled to Lijiang for retail sale.

4. Analysis on the causes of the delocalization of tourist souvenirs

Analyzing the reasons why outside commodities so occupy the tourist souvenir market in Lijiang, the author thinks there mainly are two aspects.

Firstly, the traders from other places selling in the Old Town have already occupied a large proportion of sites. In Xinyi Street, the main tourism area of the Old Town, the proportion of dealers from other places among the shops selling tourist souvenirs was as high as 91.2%, and local operators and local commodities were very few in 2003. These traders from other places mainly come from the early developed tourism areas such as Dehong, Xishuangbanna, Dali etc., who not only have great experience in contacting guides, travel agencies and local governments but also are more familiar with tourist psychology. At the same time, they also have sufficient economic strength and can crowd out the former traders quickly by raising the rent of shops. Usually after one shop is stationed in one section, the dealer will begin to invite relatives and friends, several or even more than ten shops of a similar variety will soon gather in one street and the commercial popularity of this section will be raised. They hire a shop front in a flourishing section depending on their economic strength and soon work to have that shop front become a designated shop approved by the Lijiang Tourism Bureau through various channels, and then they build good relations with guides to obtain large groups of tourists. These traders from other places have worked in the tourism market for many years with certain purchase and sales channels and have to make few changes to their operations after arriving in Lijiang. So tea, Dehong and Xishuangbanna woodcarvings, jade hanging ornaments and medicinal materials are put together most often in the shops of the Old Town. Many shopkeepers deal with just two kinds of those commodities. The commodities handled by traders from Dali also retain “original characteristics”, so various batik and tie-dyed products are often sold in the same shop as marble handicrafts or gunny cloth national clothing, various leisure cloth bags, scarves and kerchiefs made in Dali. And the cupronickel products are often sold together with various archaized metal crafts.

In some sense, the operational method of the traders from other places, inviting relatives and friends and gathering together, can also easily bring about monopolies in some varieties
of commodity, thus leading to higher profits. During the process of pursuing profit, the outside commodities in the Old Town become more and more predominant. The reason why the traders from other places can rent the shops in the flourishing section, paying prices which leave the local people breathless, has something to do with the high profits on the commodities they deal in. Here we explain the problem with the changes in the varieties of shops over several years on about 300 meters of East Street (ending at Sifang Street) in the Old Town as an example. East Street is the main thoroughfare at the entrance of the Old Town and is also one of the most flourishing tourism streets in the Old Town. The rent of shops in East Street has always been the highest in the Old Town. According to the investigation of the author, the rent of one “bay” was roughly between 1,000 and 1,500 Yuan a month in 2001 and reached between 3,000 and 4,000 Yuan by the year 2003\(^9\). For such a high rent, only those traders dealing in commodities with high profits can afford them. In 2001, there were 135 shops in East Street, of which 104 were selling tourist souvenirs. In 2003, there were 147 shops, of which 115 were selling tourist souvenirs. In 2008, there were 159 shops, of which 138 shops were handling tourist souvenirs (for details of the actual trade, see Figure 4).

It can be seen that the commodities mainly handled in East Street in 2001 were tea, medicinal materials, woodcarving with outside styles, audio and video products, national cotton clothing etc.; those sold most in 2003 were tea, hanging ornaments, national cotton clothing, national cloth bags etc., and those sold most in 2008 were hanging ornaments, scarves, tea, national cotton clothing etc., all which are outside products and the most sold commodities with the largest profits in the scope of operations approved by the government at that time.\(^9\)

In fact, the profit level of each commodity also can be seen from the sales trends of tourist souvenirs in the Old Town. Around 1998, the Old Town was full of jewelry and jade shops. It is said that some jade with a cost of several Yuan or tens of Yuan has always been sold at a price of thousands or tens of thousands of Yuan. Since the beginning of 2000, after the Lijiang Government prohibited the sale of jewelry and jade in the Old Town, those commodities bringing high profits, including tea, medicinal materials, Dehong and Xishuangbanna woodcarvings, have occupied the best commercial sections in the Old Town. In recent years, though jade could not be sold, various silverware and jade hanging ornaments with high profits have become popular in the Old Town\(^10\). The high profit of commodities such as silverware and jade hanging ornaments of course also originates from the separation of their quality and price. Since 2003, shops selling small hanging ornaments have always been the most prominent in the Old Town, though the prices of these small hanging pieces are not high, generally between 5 and 10 Yuan each. Although the price is low, the cost is also less, so the traders can still realize a high profit\(^11\). At the same time, the tourists like these baubles and always buy many pieces at once. Just due to this, though it is seemingly unimportant, many shops suddenly emerged in a very short time and it has become the commodity with the largest sales volume in the Old Town for several continuous years.

The second reason why outside commodities occupy the tourist souvenir market in Lijiang is that it is difficult for those commodities with strong local characteristics and high cultural content to enter the tourism market.
Due to its unique geographic position and climate conditions, there are many native products in Lijiang which are rarely seen in other areas. For example, there are rare medicinal materials grown in the alpine meadows 3,000 meters or so high, such as Chinese caterpillar fungus, gastrodia tuber, ginseng and snow tea, as well as the mountain pot herbs such as plum leaf crab, Eutrema wasabi, white kidney bean, tricholoma matsutake and termitomyces albuminosus. Besides these, the rice wine of Lijiang has a unique fermentation method and Chenghai Lake is one of only three large fresh water lakes where natural spirulina grows.
in the world. However, except for the spirulina and Lijiang candied fruit made with locally
grown plums, apricots etc. which are sold in several shops, it is difficult to find the other
native products of Lijiang in the Old Town.

Many handicraft artistries of Lijiang also have a long history. There are descriptions
of activities such as spinning, forging iron etc. in the ancient Dongba scriptures. With
excellent craftsmanship and high quality, Lijiang bronze wares enjoy great reputation in the
province. In historical times, most wares such as bronze incense burners, bronze bells etc.
in the Potala Palace and many temples in the Tibetan area were produced in Lijiang. It is
recorded in the Zhongdian County Annals in the period of the Republic of China that
“appliances such as bronze tripods, bronze locks and keys required in this area certainly
are produced in Lijiang” (The Annals Committee of Lijiang Naxi Autonomous 2001: 371).
It seems that the brilliant history of Lijiang bronze wares does not leave many imprints in
contemporary life. The bronze ware market of the Old Town has come to be completely
dominated by Heqing people of Dali. The wares are inconvenient to carry, are only of a
single variety, and fail to attract tourists; their somewhat high prices make even these bronze
products lack competitive power in the market. In recent years, the “Lijiang bronze wares”
made by Heqing people have also been crowded out of the tourist souvenir market in the
Old Town.

Most of the ancient Naxi people were nomadic, and there also was a fertile alpine
pasture in the Lijiang area. In the past, each Naxi woman had a sheepskin shawl and each
man wore a sheepskin vest. For thousands of years, the fur-making technique of the Naxi
people was handed down the generations. In the 1940’s, Lijiang established a leather
cooperative under the support of the International Industry Cooperation Organization, the
fur and leather of Lijiang were in fashion for a period, and the products were sold in various
areas in the province, as well as in provinces such as Sichuan, Hunan etc. By the 1990’s,
the Lijiang Fur and Leather Factory was still the enterprise in Lijiang county with the most
foreign exchange earnings through exports, and the output value of the exported products
amounted to about half of the total output value (The Annals Committee of Lijiang Naxi
Autonomous 2001: 379). Today, the several scattered shops making a living with traditional
techniques still give priority to production and local people, and seem to have nothing to
do with the tourism market.

In the period of the Republic of China, the gold and silver jewelry business in Lijiang
was rather prosperous and the products sold well throughout the province and in Tibet.
Compared with the fur, leather and bronze ware manufacture, the situation of Lijiang silver
products is fairly good now. The shops dealing in various silver products in the Old Town
were arranged one by one. However, there is no great difference between their products
and those from other places unless they are carefully examined. In fact, there is no great
difference between the commodities sold in any of the shops. The vast majority of silverwares
in the Old Town are “silver products” mechanically produced in other places.

Not only is it difficult for traditional crafts to enter the tourist souvenir market, but
several commodities with strong local characteristics that had obtained great development
in the tourism market, have also encountered difficulties in recent years. The strong impact
of outside commodities on the local art and handicrafts of Lijiang is clearly visible. Around
the 1990’s, the painting and calligraphy style of Dongba brought new inspirations to the artists in Lijiang, and the modern versions acquired great development and won much praise in art circles. Driven by the tourism market, painting and calligraphy in Lijiang flourished for a period, and many businesspeople from other places came to Lijiang to search after these treasures. The painting and calligraphy of Dongba fetched high prices, always as high as thousands or even tens of thousands of Yuan. The Dongba culture handicrafts (mainly referring to various commodities made through carving and drawing the Dongba characters and paintings on wooden tags and trays) emerged and greatly developed, completely driven by the tourism market. Around 1995, the shops selling Dongba culture handicrafts began to emerge in the Old Town of Lijiang, and all the practitioners at that time were Lijiang people who had a certain background in some aspect of painting or carving. There was no lack of works with high art value both in conception and carving. With the increase of the tourist market, many outside traders with no understanding of Dongba culture and without any background in painting or calligraphy joined in the production and sale of Dongba culture souvenirs, and even mechanically-produced Dongba culture handicrafts emerged. Due to direct imitation and the low cost of manufacture, they can always sell poor quality commodities at low prices. Many creators at that time abandoned the pen in anger. Even if these people still engage in the industry, their enthusiasm for the pursuit of art has been greatly reduced. The quantity increases rapidly at the cost of exquisite craft and profound cultural content. Dongba culture handicrafts are more and more manufactured in a crude way and have become “commodities” but not “handicrafts”.

Facing the situation that non-local commodities occupy the dominant position and that the commercial atmosphere in the Old Town has become stronger, the local government also has carried out intervention and regulation many times. At the end of 1999, the Lijiang Government moved out more than 100 shops selling jewelry and jade in the Old Town. At the beginning of 2000, it put into practice “normalizing the market according to the trade” in order to restore the original commercial style and features of the Old Town. For example, national clothing is mainly sold in Xinhua Street, the silverware shops are centralized in Xianwen Lane etc. In March 2003, it controlled and managed the commercial operations in the Old Town through the method of requiring Trading Permission Certificates in the Old Town and it restricted the sale of commodities with strong modern popularity but without local national characteristics. In order to raise the cultural atmosphere of the Old Town and highlight the national characteristics, the local government also attracted local celebrities to offer commodities with local characteristics through the method of free shop rent; it has also stipulated that at least one Lijiang person must be employed in shops run by outside people and the dealers in the Old Town must wear national clothing. In order to develop the tourist souvenir industry of Lijiang, organizations including the Lijiang City Tourism Bureau jointly organized an Innovative Design Contest for Tourist Souvenirs and Handicrafts at the beginning of 2005. However, the production and sale of tourist souvenirs is a comprehensive and complex social process. It seems that the practical effect of these measures, narrowly aimed at certain phenomena, provided temporary solutions but no likely permanent cure.
5. Research review and Conclusion

It can be seen from the above analysis that the commodities with local characteristics in the tourist souvenirs market in Lijiang not only constitute a small proportion but also reveal a trend of becoming fewer and fewer. It can be foreseen that not only will various local handicrafts and art forms lose their foothold in the tourism development market but also that the local culture and community organizations of Lijiang will gradually disintegrate under the impact of the outside commodity economy if the administrators do not adopt effective measures to encourage the sale of local products.

The development and utilization of the traditional handicraft industry not only could bring direct economic benefits for local people and be among the best ways for locals take part in the tourism industry, but it would also have great significance in the revival of local culture, protection of traditional communities and the sustainable development of the tourism industry. Thus the author thinks that at least two aspects could be improved for local products to enter the tourism market and drive the development of the local economy and culture.

First, relevant laws and regulations should be adopted according to the requirements of the development of the tourist souvenir industry: for example, laws and regulations relevant to the protection of intellectual property rights. Tourist souvenirs are symbolic commodities associated with particular places and they have certain social and cultural symbolic meanings. These characteristics are the source of their charm. The lack of laws and regulations for the protection of intellectual property rights causes the prevalence of imitations in the tourist souvenir market. The market supply of original designs shrinks gradually, the cultural content of the tourist souvenirs vanishes gradually and the quality recedes more and more.

A related problem is the conservation of cultural heritage. Local cultural heritage is an important source for the development and innovation of tourist souvenirs. The cultural heritage protection policy of France and the “Living National Treasure” system implemented by Japan for folk artists, have provided many inspirations and crafts for local tourist souvenirs and formed a knowledge/technology spillover from the cultural and political fields into the economic field. It can better promote the transfer among various social resources, enhance the grade of tourist souvenirs and accelerate the development of the tourist souvenir industry for the government to formulate a suitable cultural industry system.

The laws and regulations of the tourism industry are also imperfect, causing trust in the tourism industry to lose the guarantee of laws and regulations. For example, in the face of intense competition, travel agencies universally adopt the method of charging high rents for tourist souvenir departments in order to support their abnormal low-price competitive strategy, which causes the “zero inclusive-fee” and “minus inclusive-fee” to coexist in the tourism market with the poor quality and high price of tourist souvenirs. Local tourist souvenirs with high cultural content and high quality often cannot compete with mass-produced items from more developed areas.

Secondly, the market economy system guided by the government is the actual context for the development of the tourist souvenir industry in China. The government plays a function in the development of the tourism industry which cannot be replaced by any other
organization. In other words, the government adoption of effective measures is a precondition for the development of the tourist souvenir industry.

It is very important to perfect the service function of the industrial policy of the government. Different from the development mode of general commodities, the development of the tourist souvenir industry depends on the systematic absorptive capacity of the destination for the resources such as capital, new technology, high intelligence etc. and the systematic capacity to apply these resources. This promotion of demand integrates fields such as investment, design, production, marketing etc. into one profit chain, which is a task no single enterprise could undertake independently. There are two successful modes in the tourism developed countries, namely the “flexible specialization” mode of a dynamic division between medium and small enterprises and the “lean production” mode of multi-layer subcontracting with the large enterprise as the core. The common ground of these two modes is to utilize the market, product and technology information through a multi-level subcontracting network and to maintain the competition between the subcontractors in order to finally realize continuous product innovation and large-scale customization. The precondition for these two modes to be realized is that the enterprise, bank and government must share in the long-term strategy of technological innovation. In order to develop the local tourist souvenir industry, the government should do more work on the aspects of relaxing the market barriers, broadening the boundaries of enterprise activities and perfecting the service function.

Another service which the government should do is to provide relevant information. Tourist souvenir purchases are a cross-border consumption and usually a one-time consumption, so the problem of information asymmetry always exists. It would be a comparative advantage for the government to intensively provide an information service relevant to aspects such as cultural knowledge, characteristic products and relevant enterprises, which would better help tourists choose and buy local tourist souvenirs.

Notes
3) The myth of Lijiang myth was also constructed by foreigners who visited there. The Austro-American, Joseph Rock, of the National Geographic Society, and his record of images and writings from 1922 to 1949, helped to create the concept of Lijiang as a kind of Shangri-La. The Russian, Peter Goulart, who was there on World Bank business in the 1940’s, also contributed to the aura of Lijiang as a lost paradise in his book The Forgotten Kingdom (published by J.Murray in 1957 in London). British contributors to the myth include the legendary travel writer Bruce Chatwin in Beyond the Clouds, and the award-winning documentary China: Beyond the Clouds (1994) by Phil Agland.
4) The investigation in March 2008 was completed with the assistance of Ms. Li Lifen from the Institute of Dongba Culture in Lijiang. I hereby express my thanks to her.
5) Almost all the owners of the buildings in the Old Town are local Naxi people, but they always
choose the higher rent proposed by traders from outside.

6) Only those designated shops can receive tourists in travel groups in accordance with the regulation of the government in China. So it is very important for tourist souvenir shops to become designated.

7) The local government had regulated that each shop could deal with no more than two types of commodity.

8) The building width in the Chinese traditional building is generally divided into several bays between pillars. The houses in the Old Town also had such a building form. The house owner usually takes one bay as the computation unit when leasing the house. Each bay has an area of about 10 square meters.

9) The commodities sold in East Street have changed greatly. The author thinks that on the one hand the reason is that some newly emerging tourist souvenirs with great popularity are always sold here first due to its special geographic position. On the other hand, there also is the regulation of the local government. For example, many shops selling audio and video products as well as famous brand leisure clothing, were moved out of the ancient city in 2001 due to “mostly modern style and no local national characteristics” and there was not one such shop by 2003.

10) In fact, whenever the administrative departments relax market regulations a little, many former jade and jewelry shops revert to selling jade secretly as “the grass grows again when the spring breeze blows”. This becomes a public secret between guides and shopkeepers.

11) It is said that some varieties of small hanging pieces are too cheap for wholesale, with purchase prices of only 1 Yuan or so.

12) In fact, like most of the policy of China government, they are not well carried out finally. There are only two local cultured person got the discounted shop rent. And after several months, shops run by outside people should employ local person and must wear national clothing are not executed.

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