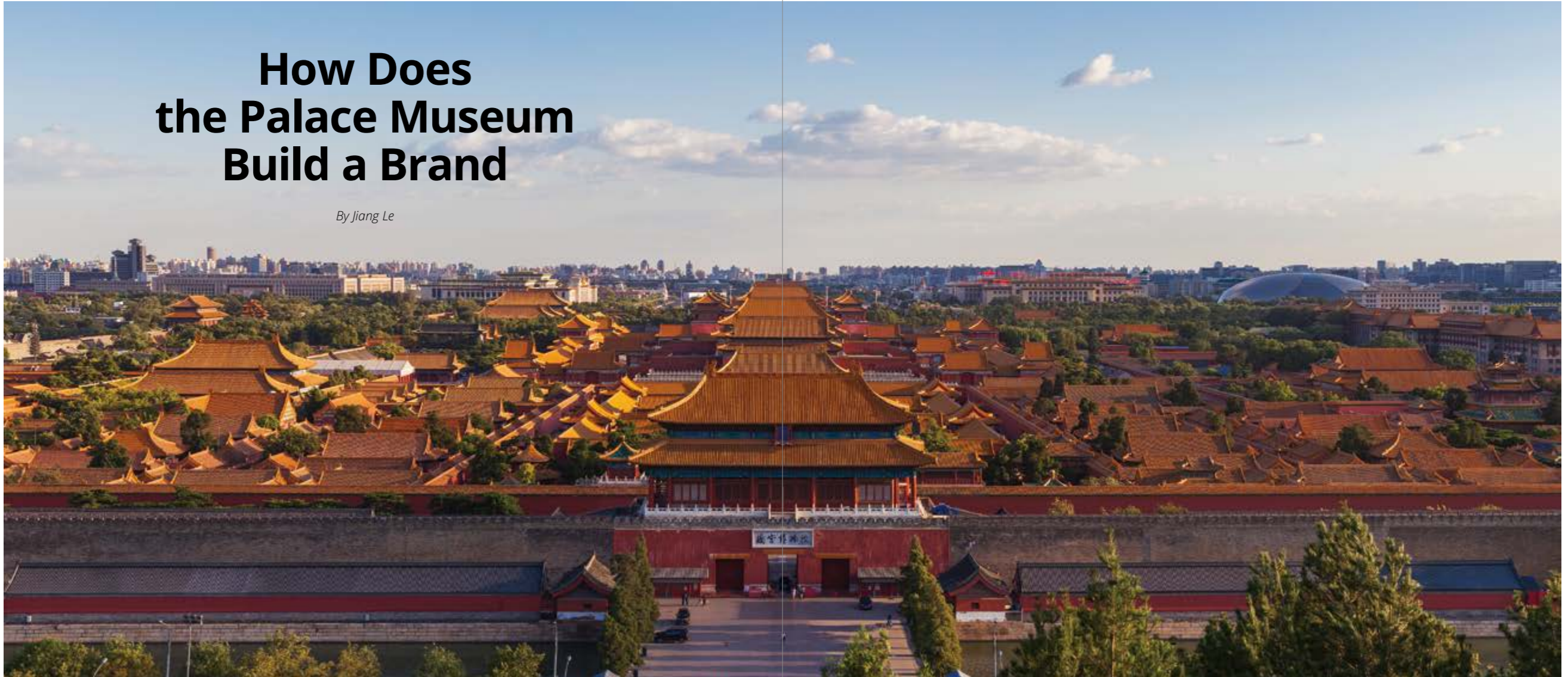


How Does the Palace Museum Build a Brand

By Jiang Le



The Palace Museum might be called China's oldest "Internet celebrity". Established in 1925, it incorporates imperial houses of Ming and Qing dynasties and their relics into its collections, ranking first in China in terms of the sheer size and scale to present ancient culture and art.

Rich cultural endowment and historical mystique guarantee its lasting glamor. In other words, a perfect blend of beautiful scenery and legendary existence is what makes the museum known to the world. This can be evidenced by the fact that by 2012, the

museum had become the only one museum in the world that received more than 10 million visitors annually. Leaving ephemeral realities of daily routine behind, they come here to admire the eternal beauty of the passage of time.

Even for a casual observer, he or she knows intuitively that it is infinitely easy for the museum to stand out, considering how rich the cultural legacies it was bequeathed. It just stands there, basks in historical glory, then the mission of presenting ancient Chinese civilization is automatically

accomplished. It does not need to bother to blend in the latest fad, because its style comes from within. However, the museum is determined to let viewers' jaw drop again, not only for its past splendor, but for its newfound identity: internet celebrity. All products it designed are selling like hot cakes in online shops.

Available data reveals that by December 2018, the museum had designed and developed 11,936 kinds of cultural and creative products, building the most valuable brand in China's cultural and museum

exhibition industry. The achievement is even more remarkable, considering that as early as 2017, the museum had reaped revenue worth RMB 1.5 billion (about USD 215 million), higher than the figures of 1,500 A-share listed companies putting together, as some media report. The impressive figures may have something to do with the museum's unbelievable luck: it is located in a country with a splendid ancient culture to boast of and a 1.4-billion consumer market to tap into. But history has proven that the road to greatness is always bumpy.

Growing in Learning

More than 1.8 million pieces of cultural relics can both be enviable wealth and unenviable burden. It costs much to preserve and maintain them. However, only 54% of the expenditure is sponsored by the state government while the rest has to be self-financed by the museum. Besides, the main income source that the museum can count on, ticket proceeds, needs to be contributed to the state treasury, leaving the museum with no option but looking for a viable business model that is sustainable and matches with its identity as a protector of cultural wealth.

The earliest foray started back in 2008. By partnering with Taobao, China's most well-known e-commerce giant, the museum became the first of its kind in opening an online shop. In the same year, it founded an offshoot: Cultural and Creative Center of Palace Museum. The center focused on selling copies and memorabilia of sculptures, calligraphy works and

paintings that are exhibited in the museum. Since these products showed poor craftsmanship at high prices, few consumers were willing to buy.

At this point, an inspiration presented itself: maybe the museum could run a pilot program with Beijing Shangchao Creative Souvenir Development Co., Ltd., the same product developer for its online shop. This company was solely funded by one natural person in 2008 after an employee of the museum found a design team to support this idea. Though professional designers subscribed to this idea, they could not think outside of box and figure out what idea-intensive products inspired by the museum should be like. Postcards and badges were their only brainchild. Lukewarm market reaction was only to be expected.

Epiphany dawned on them in 2013 when the National Palace Museum in Taipei launched a paper tape bearing the words "I Know", an expression of Emperor Kangxi (reigned 1661–1722) to show his assent after reading through his ministers' memorial. This IP-

licensing cultural and creative product became an instant hit. Local government in Taiwan deserves credit for this success. Since 2002, it has introduced policies to promote the development of cultural and creative industry, creating an enabling environment for Taipei's National Palace Museum to commit itself to growing this industry and gaining admiration.

One of the admirers is Shan Jixiang, former director and curator of Beijing's Palace Museum. He told reporters in an interview that as soon as the "I Know" paper tape achieved instant success, he received an instruction from the State Council, advising him to learn from Taipei experience. Thereafter, he went to Taipei to unravel the myth.

During this period, he got the hang of selling points and promising future of the cultural and creative industry. He gave his first try at adhesive tape which does not require exquisite craftsmanship but can be easy on eyes. The aesthetic elements of the museum were integrated into the design of the tape, perfectly matching buyers' expectation about what a product inspired by cultural heritage should be like.

Sales volume was far higher than that of previous products that failed to resonate with culturally savvy consumers. However, since the unit price of these creative products is low, by the end of that year, the museum had only reaped RMB 150 million (about USD 21.4 million) by selling these products, while its counterpart in Taipei made a handsome profit from the products worth TWD 900 million (about USD 29.8 million).

Anyway, this marketing campaign was a success, building a fanbase where young consumers do not love Chinese curios, paintings and calligraphy works as much as traditional collectors do, but are attracted by traditional Chinese culture, love the art of writing, and take a fancy to the products that are artfully designed. What is the winning formula for this market success? Obviously, the answer lies in the shift of perspectives, of which Shan Jixiang are acutely aware.

Based on this understanding, he borrows another idea from Taipei: launching a creative design contest titled "Forbidden City Championship". It aims to achieve three results: First, to win popular support for the museum; second, to change the stereotype of the museum in the eyes of viewers who think it is magnificent yet cannot engage with modern audience; third, also the most important aim of Shan, or of the Palace Museum, to brainstorm ideas which

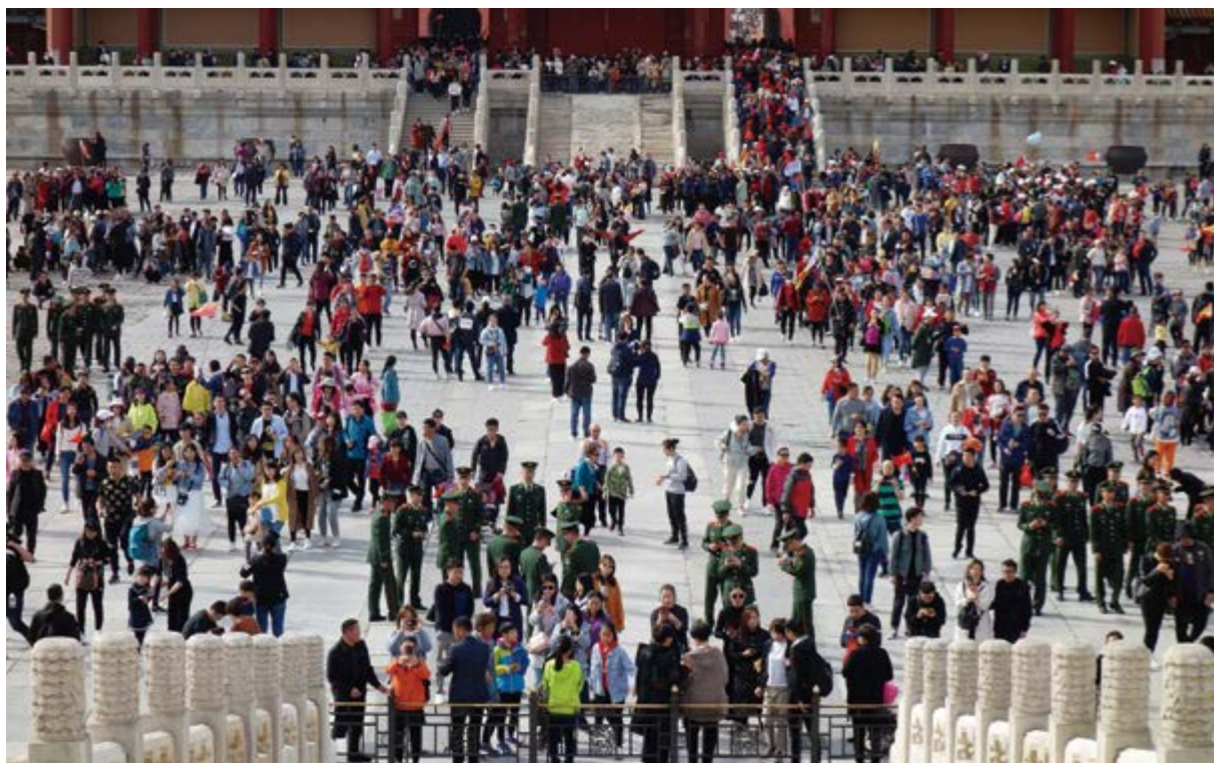
can reflect the real needs of the epoch and mass audience. Wisdom is not distilled from some abstract ideas, but from aesthetic experiences of people. Not until these experiences are embodied in creative products are they willing to buy and have the culture of the museum imbibed in their daily life.

Since its launch, the contest had attracted considerable attention from all walks of life. Most of them were college students. This is a sign that cultural and creative products of the museum in the future should cater to the needs of the young, because the great majority of designers and buyers belong to this group. Winners of that year designed products like "I am who I am" paper fan, "propitious cloud" necktie, and "travel according to the imperial edict" baggage tag. Sales volume of such products reached RMB 600 million (about USD 86.48 million), four times the figure of previous year.

Gaining Momentum by Favorable Policies

These products serve as a timely reminder for the museum's Taobao online shop that Forbidden City's former resident s, Ming and Qing emperors, can be integrated into product design, grabbing consumers' attention in an era defined by social media. Marketing team of the shop wrote a tongue-in-cheek article titled "Emperor Yongzheng: I'm so cute", and posted it on WeChat's Moments where it went viral. The popularity of the museum soared to a record level. The cuddly emperor- and empress-like nodding dolls, and mobile holders featuring funny-looking imperial guards have become the shop's cash cow.

The timing cannot be more opportune. In 2015, the State Council introduced the Regulations on Museums, stating that "Museums may involve in business activities as long as they fulfill their mission as non-profit organizations." This sends a clear signal that museums are encouraged to do legitimate business befitting their identity, so as to keep the institution running while ensuring ancient Chinese culture is embraced by more people. This has boosted the confidence of museums like the Palace Museum to do more things and do things differently. Other museums including Nanjing Museum, Dunhuang Museum and Shanghai Museum began to launch a wide variety of cultural and creative products



80,000 people flocked to the Forbidden City on the first day of the Qingming Festival holiday, watching flowers blooming, enjoying beautiful scenery and taking pictures.



The pop-up store of cultural and creative products of the Palace Museum opened in Shanghai Shimao International Plaza, attracting many customers.



Metropolitan Museum of Art opens an online shop to serve Chinese customers.

that present the museum's history and capture the essence of the exhibits.

In 2016, the State Council issued "Opinions on Developing Cultural and Creative Products by Culture Promotion and Cultural Heritage Preservation Organizations" for the reference of the Ministry of Culture, the National Development and Reform Commission, the Ministry of Finance and State Administration of Cultural Heritage. It encourages public institutions like museums to engage in market competition in cultural and creative industry, with the proviso that public institutions should register companies to participate in such competition and keep away themselves from business activities. This policy gives the Palace Museum perfect timing to incorporate its Taobao online shop, which has been a devoted partner and enjoys great popularity, into one of its affiliates, Beijing Cultural Service Center for Palace Museum.

Though the policy does inject a much-needed impetus to China's cultural and creative industry, it does not put Chinese museums in a better position to compete against museums in Europe and the United States where cultural and creative products have become major sources of income. In some cases, the proceeds are even bigger than ticket sales.

Take British Museum for example. Since its free entry in 2001, it has relied on selling cultural and creative products to keep running. Metropolitan Museum of Art (the Met) follows this model as well. In the year of 2015 alone, the Met contributed USD 946 million to New York's GDP, of which sales revenue generated by cultural and creative products accounted for nearly 60%. It goes the extra mile, opening an online shop to serve Chinese customers. Its first product is evocation of "Camp Fashion" which is perfectly interpreted by Lady Gaga, Katy Perry (better known as Fruit Sister among Chinese audience) and other superstars. The Met's products represent the latest fad in Western countries, hoping to click with Chinese consumers right away.

Earlier, British Museum had run an online shop at Taobao's Tmall and been hailed as Internet celebrity because of its cute image. In comparison, the Met is recognized by consumers for its vivacious charm.

Online shops of the Palace Museum and British Museum have more than ten million visits each year. By the standard of annual visits, the two shops are even more popular than the world's most renowned

museum, the Louvre Museum. Considering this remarkable feat, the Palace Museum is really a pacesetter in China.

From One to N

In 2017, some imported skincare products wrapped by various patterns of adhesive tapes designed by the Palace Museum were displayed online, attracting a huge crowd of followers commenting "Fabulous" and suggesting the museum gain a slice of cosmetics

market.

The museum responded promptly, posting an article titled "What if the Palace Museum gained a slice of cosmetics market", which shows the museum's solution to reshaping the industry. It integrates the craftsmanship of dian cui into eye shadow, muted colors of a bird-and-flower painting into blusher, the enchanting blue of a Song-dynasty landscape painting into nail polish, and different shades of red painted on the palace wall and porcelain into lipsticks. The post attracted sizable audiences who were spellbound.



Palace Museum launches exquisite original lipsticks.

In February 2018, the museum turned the vision into reality. It partnered with cosmetics giant L'Oréal, launching co-branding lipsticks and securing market success. This is its first foray into the cosmetics market.

But the success did not come without challenges. IP-licensing cosmetics need to go through several processes before hitting the market. They include package designing, model making, sample making, fine-tuning and testing. When it comes to sample making, experts with the Palace Museum's Cultural Relics Administration Office conducted rigorous checks about design elements and tone comparisons

among different materials. Then the sample was sent to the State Food and Drug Administration for approval and registration before manufacturing. The whole process lasted eight months, subject to more than 1,200 times of fine-tuning.

The Palace Museum communicates its passion through these eye-catching lipsticks, eye shadows and blushers which went viral on social media. This advantageous position was further strengthened by many key opinion leaders (KOLs).

At its peak, there were 1,380 copycat producers, suggesting how popular these products could be.



The Palace Museum's Furniture Gallery opens to the public, following the Gallery of Painting and Calligraphy and the Ceramics Gallery.

But this super "Internet celebrity" is committed to constant self-reinvention. Apart from launching products, it is always in search of different ways to resonate with consumers and increase brand stickiness. It believes in what comes from the heart goes to the heart. It wants to build a brand that can connect with people at many levels and in many moods.

In 2017, photo of the Forbidden City in the stillness of first snow generated 14.25 million views. One year later, another picture of the Palace bathing in the radiance of rarely-seen red moon had 20 million views. In 2019, first snow scenery in Beijing was not available until after the Spring Festival. When it came, online views of the Forbidden City totaled 50 million. "People are craving to see what the Palace looks like," said Shan Jixiang.

He knows instinctively what will grab people's attention. In 2019, the Forbidden City was lit up to celebrate the Lantern Festival. There were so many people longing to secure a spot to get a glimpse of majestic splendor that the museum's online ticketing system crashed as soon as the booking process began. This "incident" has been much talked about ever since. The author has no intention of dwelling on whether that light show achieved desired results. One thing is clear: The museum is not afraid of taking risks, but committed to bringing the Forbidden City closer to ordinary people, and inspiring them to live free of regret and filled with sense of passion.

Apart from creating eye-catching, mind-boggling content, the museum is also adept at building an effective marketing model featuring refined management of the needs and preferences of target audience. As early as 2007, the museum organized a number of volunteers to conduct a large-scale audience survey. A total of 55,369 questionnaires were adopted with a conclusion that the majority of the audience aged 19-39, accounting for 61% of the respondents. Among the youth group, 60% were students and employees of enterprises and public institutions. Therefore, the museum customizes event promotions and services to cater to the needs of these three groups.

At present, the cultural and creative arm of the museum manages four online shops: flagship store selling cultural and creative products for the Forbidden City, store selling the same kind of products for the Palace Museum, Forbidden City

at Taobao, and flagship publishing store for the Forbidden City. Each of them has their own functions. Occasionally there is overlap between products, but the pricing strategies show obvious difference. It is not hard to notice that the museum has an effective tiered marketing strategy.

This strategy also features combined forces of four teams: center for cultural services, studio for cultural and creative products, work group to obtain credit, and publishing house, integrating the processes of design, R&D, operation, launch and publishing into one. Meanwhile, teams and professionals in creative industry are invited to offer their insights into the development and design of the museum's products.

At the end of 2018, the museum teamed up with other Internet celebrities to make a variety show "There's something new in the Palace Museum" with Beijing TV and iQiyi, one of the largest online video sites in the world. This show proved to be a huge success both in terms of word of mouth and audience rating. But there is more. Influenced by these Internet celebrities who have a huge fanbase, an increasing majority of China's post-90s generation have become devoted consumers of the products and sightseeing services of the museum. At the same time, spinoffs of the show, such as pajamas, which were designed by students from prestigious schools like Central Academy of Fine Arts, sought financing worth over RMB 1 million through online crowdfunding events in a couple of days.

Indeed, it is unusual for giants like the Palace Museum to go to great lengths to burnish brand and boost marketing, given its inexhaustible resources and peerless imperial identity. That's because the museum is fully aware of the era it is in.

It is not an era that allows wishful thinking like "good products can be well-known naturally", but one that rewards those who can seek a way out and stand out in an increasingly crowded market.

The secret is to build a unique brand, present a compelling image, and build up the power of word-of-mouth. More and more companies are conscious of the urgent need to practice this way. Then why not learn from the Palace Museum to distinguish yourself from your competitors, to strengthen and maximize your brand equity. It is a long road, but toward a better future, a future with a more splendid dawn that you do not imagine beforehand. ✉