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An Analysis of the Development and Marketing Strategy of Art Merchandise in Art Museums

-- The National Museum of Modern Art in Korea as an example

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Abstract: There have been many limitations and lags in the commercial operation of public art institutions, while art merchandise is an important business for the commercial operation and profitability of art museums. How to make profits in the market while still building an art brand image has been the priority for art museum operators to think and study. This paper examines the new experiences and innovative initiatives of public art museums in the art merchandising business through the case of the National Museum of Modern and Contemporary Art, Korea (MMCA). First, through the experience of operating art merchandise at the MMCA, it is found that a sound archival management of art museums is conducive to boost the quality and diversity of art merchandise and to dominating the market. Secondly, the production of high-quality digital content and its display on the visited web pages are favorable to increase online sales, raise profits and advertise the brand at the same time.

Keywords: Art museum management; Art merchandise; Development and marketing strategies.

1. Introduction

When compared to the proactive changes in other consumer goods markets that cater to consumer market strategies, public art museums have long lagged behind in areas such as marketing and innovation, and have been particularly slow to make progress in selling online and optimizing digital access. However, the global explosion of COVID-19 has forced nonprofit public art institutions to focus on digital transformation, and several studies suggest that digital development and public engagement in public art institutions has changed that providing easier methods of digital access for professionals and public organizations has become a focus of development [1]. Many public museums around the world have undertaken digital exhibition planning, and the National Museum of Modern and Contemporary Art, Korea (MMCA) provides some examples to explore.



Figure 1. MMCA Seoul
Source: Korean Culture and Information Service Web page

The MMCA is the only national museum of modern art one of the most representative museums in Korea which was established in 2013 by Hyundai Group with a half-century history of "expansion and linkage" as its business philosophy. The system of the MMCA consists of four galleries, Gwacheon Gallery built in 1986, Deoksugung Gallery in 1998, Seoul Gallery in 2013, and Cheongju Gallery in 2018. These galleries are interconnected and have their own characteristics at the same time. MMCA Seoul focuses on the experimentation and internationalization of modern art and the display of multimedia modern art; MMCA Gwacheon focuses on the achievements of modern Korean art; MMCA Deoksugung focuses on the display and preservation of modern Korean art works; and MMCA Cheongju focuses on the study of MMCA Cheongju focuses on the preservation and restoration of fine art works [2]. Since the massive epidemic of COVID-19, MMCA has opened a digital art museum on its official website and developed many online exhibition activities to enable art lovers and the public to visit exhibitions online. It also cooperates with OTT service providers to actively promote art exhibitions, such as the Lee Kun-hee Collection Masterpieces of Korean Art exhibition curated by MMCA in 2022.

With the popularity of art, visiting art museums and exhibitions for art appreciation has gradually become a part of the cultural life of the general public. The public's interest in and appreciation of culture and art has been increasing. The MZ generation, in particular, is becoming more and more specialized in the creation, appreciation and collection of art, making creative art merchandise increasingly popular. Appreciation of artwork itself is an abstract process, while art merchandise is a tangible feeling that allows people to play with art directly. Studies have shown that people prefer figurative art to abstract art due to expertise and group bias [3]. Using art as an inspiration for the development and various forms of art commodities involved in creativity through the reproduction and large-scale production of artworks, plays a fundamental role in expanding art dissemination and art consumption. As the public's artistic level increases, the public's demand for art merchandise issued by art museums from development to marketing creativity is also increasing. As the public's level of art appreciation increases, so does the public's demand for art merchandise issued by art museums, from development to marketing creativity.

As a government-funded art institution, public art museums should provide the public with more opportunities to access and enrich the cultural and artistic life of the public in all aspects of life. To achieve this, it requires art institutions to develop art resources, utilize more advanced digital technology, and be more creative. Art merchandise, as a kind of cultural life pleasure, is an important business in the art market. Creative and market-appealing sales methods can create more value for the products. The trend of combining digital and art development, the operation of online exhibitions and online stores also requires operators to think about more comprehensive and effective online marketing strategies.

2. MMCA's Art Commodity Business

In 2013, Hyundai Motor Group announced that it would invest 12 billion won in sponsoring the MMCA for 10 years from 2013 to 2023. In November of the same year, MMCA Seoul was opened, the MMCA Foundation was established, and the Art Shop in MMCA Seoul was officially opened. In 2016, MMCA Gwacheon and MMCA Deoksugung's Art Shop, which were operated on a consignment basis, were also changed to the model of direct operation by the Cultural Foundation. In 2018, Cheongju Art Shop was opened, forming MMCA as the largest art shop of art museums in Korea. On September 24, 2020, MMCA opened its official online store 'MMCASHOP', which sells the MMCA catalogue, more than 100 research books, and more than 400 related cultural and art products [4]. With the opening of the MMCASHOP online store, the MMCA is actively developing the overseas market for art products, and consumers from abroad can also access and purchase MMCA art products online.



Figure 2. MMCA Art Shop
Source: Design Jungle

MMCA's business model appeals to the current development and trend of the art merchandise market by integrating art resources from art museums for commercial development and collaborating with representative Korean artists, craftsmen, and designers in curating and designing art merchandise. MMCA has established an interactive link between art exhibition activities and art products, with the aim of exporting Korean modern art to overseas markets through promotions and publicity activities.

MMCA has also established the ArtZone office to directly operate four physical art shops and one online store, MMCASHOP, with a total of five sections. The ArtZone office organization includes the ArtZone manager, business group, management, logistics and human resources, and product planning and development departments. Through such a well-defined and professionally qualified team, it effectively manages the operation of MMCA's art commercial activities, develops and tries to diversify the art market, and develops profitable business through the marketing of the art market using Content Commerce.

3. The strategic analysis of commodity development and marketing of MMCA

3.1. Brand identification

From the business situation of MMCA Art Shop before 2018, the proportion of self-owned brands in the products sold was relatively small, and consignment products accounted for most of the sales. In 2018, MMCA established ArtZone office, a professional management team supported by MMCA Culture Foundation, which is a major change in MMCA's art merchandise business strategy. The ArtZone office team quickly developed a diversified and branded art merchandise development strategy, integrated offline stores to expand online sales channels, and other strategies, and developed and advanced a series of medium- and long-term plans.

First of all, ArtZone office established MMCA's art museum image identity through repackaging and design, launched an art merchandise brand that represents the overall image of MMCA. It made a brand new design of the art merchandise series from concept to design. MMCA created a design that matched the art image of the museum in terms of color, symbols, logo, and art style, and developed a brand packaging that matched the contents of the museum and exhibitions. At the same time, the museum's collection of works was screened and classified, and a complete catalog management of the museum's archives was established for the museum's important collections. The art and cultural resources are used as a design source to create a brand identity that is unique to MMCA. This brand identity is used throughout the development and design process of art products. Through continuous improvement and long-term development, the image identity and characteristics of art products are enhanced, forming the image of art products that is exclusively MMCA's.



Figure 3. MMCA's Art Identity
Source: KIDP

In addition to focusing on product image design, the team also analyzed the structure of people visiting the museum to

observe consumers, while focusing on offline visitors' satisfaction and demand for art merchandise, and continued to develop new products in line with popular trends. In 2020, Kids Line was launched, from product design to sales strategy mainly targeting offline families with children who visit art museums, to meet the consumption needs of people visiting offline, and is to establish a good image among consumers of being close to children and focusing on art education. Through an active art merchandise development strategy and continuous improvement of product lines in a changing market, the sales of MMCA's own merchandise have increased significantly, which not only strengthens the link between the art brand image and MMCA and keeps MMCA's business from being detached from the actual market, but also increases visitors' willingness to revisit and the repurchase rate of merchandise, contributing to MMCA's profitability.



Figure 4. MMCA Kids Line
Source: kgnews

The MMCA's product design and production process also emphasizes collaboration with artists, and each year the MMCA's four venues host a wide range of fine art exhibitions in a variety of styles and subject matter. The number of exhibitions varies from year to year as policies and markets change, but remains at about 25 exhibitions per year. The merchandise development team picks 7 to 8 exhibitions with good market response and social influence from the 25 exhibitions each year and develops art merchandise for them. Through cooperation and discussion with curators, artists, and art foundations, the team designs art merchandise that reflects the style, conforms to the concept, and keeps up with the trend. This allows the art merchandise sold each year to be updated and changed, and to form a commercial interaction with the current exhibition, with creative art merchandise adding interest to the exhibition while also enhancing the profitability of the exhibition.

3.2. Diversification and Innovation

The representative projects curated by MMCA in the past two years include "The Marcel Duchamp", "PARK SEO-BO", "The Jenny Holzer", "Kim Chung-up Matrix", "Haegue Yang: O2 & H2O", "The Chung Sanghwa" and "Lee Kun-hee Collection Masterpieces of Korean Art". From curation to product development, the management team has been working efficiently to communicate, acquire licenses, organize exhibitions, and launch products. In order to maintain the quality of the museum's own brand, the quality of the art merchandise is constantly tested during the development process, and the production and pricing of each item is discussed and adjusted by the team many times to ensure a reasonable pricing strategy for the merchandise. The variety of themes such as painting, pop, and fusion were incorporated into the development of MMCA art merchandise, which enriched the variety of art merchandise, while the market results showed a significant increase in orders, proving that art merchandise that incorporates more innovation and diversity from design to marketing can effectively capture the market.

There were many challenges in implementing the development strategy, as well as difficulties in obtaining licenses and agreements with artists and foundations, but the MMCA management team overcame them and successfully worked on many projects, which reminded us of the importance of team communication and efficiency in art management. For example, during the preparation of "The Marcel Duchamp" exhibition, the Duchamp Foundation did not allow the product to be developed at the beginning. But through communication with the Ducham Foundation, MMCA was able to obtain the authorization for the product related to "The Marcel Duchamp" exhibition to be launched in the Korean market. After the successful collaboration with local Korean artist Haegue Yang, MMCA also facilitated the launch of a co-branded clothing item between Haegue Yang and a local Korean fashion clothing company and sold it in the MMCA Art Shop. These cases bring some innovative business ideas and bold experimentation, and the key to success is to negotiate a partnership that energizes the commercial project and brings art fully into the market.



Figure 5. “The Marcel Duchamp” Art Merchandise
Source: thehyundaiblog

Effective art archiving is the basis for managing to ensure the innovation and vitality of art merchandise. Without effective management the image identity of the art museum business can fall into disorder, as evidenced by the plight of the MMCA prior to its commercial reform. As seen in other cases, some of the world's leading art museums have collections of well-known artists and often set up permanent galleries for these well-known artworks, allowing the well-known artworks to be tied to the museum, just as the mention of Louvre brings to mind "Mona Lisa". Such a binding strategy requires sound art archival management, but the MMCA before the reform did not have a professional art archival management in place.

Between 2020 and 2021, the MMCA focused on organizing its own collection and conducting a comprehensive art archive management, using the resources of this collection to continuously support the creation and development of merchandise. In addition, the MMCA has persuaded relevant stakeholders and copyright holders, such as foundations and artists, to develop products for these artworks, and has successfully created many unique art products for the MMCA.

3.3. Expand internal cooperation and external sales

There are many public and private art museums in Korea, but most of them are constrained by the lack of a professional operation team and the limitations of developing commercial business in art museums, as well as the low investment received, many of them are unable to establish a complete art shop. The lack of strategy and disorganized management often leaves these small museums in a difficult position and fails to recover their costs. MMCA, as a public institution and the largest modern art museum consortium in Korea, has a vision of revitalizing the modern art business in Korea and has partnered with local art museums to bring their art products into the MMCA Art Shop. The MMCA, as a public institution and the largest modern art museum consortium in Korea, has a vision to promote the prosperity of both public and private art museums in Korea by collaborating with local art museums so that the art products of these museums can be sold in the MMCA Art Shop.

From the perspective of the local art museums, the cooperation with MMCA allows them to gain more sales channels and improve their business conditions. From the perspective of MMCA, in addition to the mission of supporting the development of local art for the public good, the enrichment of products through resale can also reduce the cost of developing and producing art products and reduce the aesthetic fatigue of visiting consumers for a single series of art products, which is a win-win strategy. For example, WHANKI MUSEUM, NAM JUNE PAIK ART CENTER, LEEUNGNO MUSEUM, KIMCHONGYUNG MUSEUM and other famous local art museums in Korea have signed a contract with MMCA Art Shop to sell their products on consignment. This cooperation also facilitates the promotion of local art culture.

From 2019 to 2020, MMCA cooperated with some of the largest and most influential book dealers in Korea, such as Yes24, Aladin, and KYOBO, to successfully sell MMCA-related art publications in these bookstores, allowing the public to sell MMCA art products without having to visit the galleries. MMCA's offline stores and MMCASHOP online store sell these publications synchronously, giving consumers a wider choice of purchasing channels.

3.4. Future-oriented marketing strategy

Although Korean society has fully entered the post-epidemic era, the hindering effects of COVID-19 on offline visits by domestic and foreign tourists are diminishing. The tourism visitation economy is gradually recovering. However, the years of the COVID-19 outbreak have brought about a trend that an online digital model of visitor participation in art and consumption of art has taken shape. The art world in the post-epidemic era continues to look forward to a highly connected and inclusive society where people are brought together by virtual and digital technologies [5]. Art Shop's digital art experience, the MMCASHOP, online exhibitions, and marketing combined with SNS will be the businesses that MMCA is focusing on and developing in the foreseeable future.

MMCA has re-proposed a new development plan for ArtSho in four venues in response to the post-epidemic market changes. At present, the main profit of MMCA's art merchandise business is still the offline Art Shop, which attracts offline visitors to visit and spend money with its art space. In the future, the Art Shop will no longer be a place for selling products, but an innovative space that brings a new digital art experience. It is expected to strengthen the experience of visiting the Art Shop space in combination with digital art, rely on social media, and use visual merchandising as the main strategy to attract consumers with technology and innovation.



Figure 6. MMCASHOP Web Page
Source: MMCASHO

Although the operation started late, MMCASHOP has become an important business for MMCA's future plans, for example an online store to connect with consumers who cannot visit offline. For online sales, rich introductory images, pictures, program content, etc. can inspire consumers to purchase. Some studies point out that for art venues, online access can create synergy in the middle of transactional activities, making content creatively valuable, and that the virtual experience of online access is an interaction with online visitors, providing social value to a wider audience at a lower cost [6]. The MMCA's online store and digital museum offer a wide range of content that can be viewed online, with videos of the collection being produced and made available online in 2020, allowing all visitors to the website to quickly access a wealth of content about the MMCA. The MMCA SHOP online store currently sells about 600 art items, the Digital Museum has uploaded about 120 publications, and there are more than 1,000 contents introducing video images of modern art.

In terms of SNS promotion, MMCA focuses on content creation and differentiated marketing to create a unique image of MMCA as an artistic trend in social media with well-produced content. In terms of social media structure, in addition to the Instagram account currently in operation, MMCA SHOP intends to use its YouTube channel and cooperate with OTT service providers to make use of the content commerce effect in SNS promotion. As for the SHOP's art products, it is also planning to provide more digital contents such as videos and pictures related to the products for sale on the browsing page, so that the public who choose to visit the digital museum and online shop can have more contents to browse. It is the goal of MMCA to develop a digital and international management strategy, to continuously adapt to the changes in the art market in the post-epidemic era in Korea, and to represent Korean modern art products to the international market in the future.

4. Obstacles to the commercial business of public art institutions

The MMCA Cultural Foundation is a non-profit legal entity under the MMCA. The MMCA Cultural Foundation was established to directly or indirectly support the museum's exhibition activities, educational activities, and art programs,

and to contribute to the betterment of the museum. Although the MMCA Cultural Foundation has the responsibility to generate revenue to maintain the museum's operations and to maintain the public nature of the public museum, there is some interference in the management of the foundation and its activities. However, some of the interventions and restrictions on the operation of the consortium have hindered the development of the museums and the independence of the cultural consortium.

For example, some regulations, such as the preference of art merchandise to collaborate with Korean artists, and the manufacturing and production of products must be 100% Korean manufacturers in order to achieve complete domestication. As a result, some foreign artists who are excellent and have the intention to cooperate are excluded, and the requirement of complete Korean manufacturing of goods also raises the cost of art goods and weakens the price competitiveness of art goods, all of which hinder the market development of art goods and weaken their profitability. In addition, the use of MMCA's trademark is restricted in many occasions. For example, some slow-selling art goods are required not to use the MMCA's trademark when conducting promotional activities, and some external sales and promotional activities are restricted from using the trademark. The scope of trademark authorization and operation should be adjusted and expanded according to market changes, rather than remaining restricted and contracted.

The commercialization of art is itself a conflict-ridden process of artistic socialization in which the for-profit corporation plays a key role in counterbalancing [7] . The experience of Tate Britain and the Museum of Modern Art in the United States shows that breaking the restriction of local production and actively collaborating with well-known commercial brands has helped art institutions and art products to enter the international market. Of course, the geographical factors mentioned here cannot be ignored, as London and New York are well-known international cities with mature art markets and international influence, Seoul and the MMCA cannot be directly compared with each other, but these international experiences can provide a way to think about, and the MMCA, as a building to showcase Korean modern art, takes on the mission of bringing Korean modern art to the world and letting the world's modern art into Korea. With a more international business philosophy, more inclusive artistic values, and more flexible business strategies, the MMCA needs to actively develop around these goals in the future.

5. Conclusion

In Korea, "art" has been disadvantaged among various cultures and has long suffered from instability and vulnerability in the areas of production, coordination, and public enjoyment [8], The case of MMCA's development and marketing in the Korean art market in this environment is representative and worthy of study. At a time when printed products can be given artistic qualities through design and marketing, the Korean mass art market is also moving toward aesthetic enhancement and profound connotation, with increasing market value.

The development of the art economy confirms pop artist Andy Warhol's famous quote "Business art is the step that comes after art....making money is art and working is art and good". Today, there is no longer a class distinction between "the public" and "the artist". The two are mutually accomplishing and developing in a commercial environment. The MMCA's quality art products bring the public closer to modern art. The average person does not spend money on an art collection, but can easily purchase a piece of art merchandise, which is often the first step for many people to get in touch with art. Contemporary art practitioners need to understand that consumption is also a way to understand art. To make art more socially valuable through formal innovation and commercial circulation, art operators need to break out of the old ways of thinking and rules.

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