

Pricing Strategy for Museum Cultural Souvenirs

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ABSTRACT

Alongside the ascending level of human's life quality, people are no more satisfied with normal groceries. In order to enrich their spiritual life, a huge amount of people are now increasing their demand for cultural products. Among all kinds of cultural products, museum souvenirs can be a typical example. Therefore, in order to meet the needs of consumers and producers, it is very important to find useful strategies of selling souvenirs correctly. In the research, the researcher will use grounded theory, archive research, and trend analysis methods combined with website and article data to analyze the marketing strategy of museum souvenirs and draw conclusions. The research results show that museums can work hard to improve pricing and marketing strategies to increase sales of souvenirs.

Keywords: museum, souvenir, pricing strategy, cultural, brand

1. INTRODUCTION

Recently, especially in recent few decades, people show a lot of interest in exquisite museum souvenirs. In order to improve the museum profit, many museums around the world are dedicating their effort to the design and marketing of their souvenirs. The existing researches have concluded various kinds of different souvenirs and where they are sold. However, those who study this field are not able to investigate certain specific areas that determine the properties and commodities of museum souvenirs. Museum souvenirs not only has their historical meaning, it also attracts customers because of their art design. People who are interested in collecting exquisite products show a lot of interest in these products' values. Therefore, this article focuses on the pricing strategy of those products. The essay will first conclude the research result. The second part of the essay will introduce the factors of pricing and then use case analysis and a comparison analysis between Chinese museums and overseas museums. The research aims to help museums find a good pricing strategy to sell their souvenirs. This project helps the souvenir industry to promote higher popularity and thus improve the total quality of products.

2. THE CURRENT SITUATION OF MUSEUM CULTURAL SOUVENIRS

Currently, not only museums can sell their souvenirs,

but souvenirs are also sold online. Based on the questionnaire survey conducted by Tmall innovation center, 67% of the respondent bought souvenirs in museums, 49.5% of them are consuming souvenirs online, and 21.3% of respondents are buying in other physical stores[1]. Also, because of its convenience, the demand for online shopping for museum souvenirs for people is increasing continuously. Therefore, many of the museums like the British Museum set their flagship stores on online shopping websites, such as Taobao. According to the research of Tmall innovation center, from January to October 2018, the number of users (UV) searching for the keyword "museum" on Tmall and Taobao platforms reached 2.15 times that of the same period in 2016 [1].

The research also shows that the top four product genres that attract people are groceries for daily use, home accessories, stationary, and jewelry respectively. For example, the first top-selling good in the flagship store of the British Museum in Tmall is a TPU (a type of material) messenger bag with a print of the Gayer-Anderson Cat which is a collection in the museum. The price of the bag is ¥126 which is nearly ¥40 higher than the price of a normal TPU bag without a brand. The second top-selling good is a weather forecast bottle also with a shape of the Gayer-Anderson Cat. The monthly sales volume can reach 2000 sets. As the weather forecast bottle can only be placed on the dining table as a display, it shows that customers value not only the practicability of the product, but also its artistic value.

With the increasing level of people's life demands,

they are more longing for pretty things. In order to cater to consumers' new various demand, almost every industry are continuously producing new products. The same situation happens in museums. In the beginning, souvenirs are sold at the end of the visitor route. The value of a souvenir is to give a small gift a special unforgettable meaning. However, it also gives souvenirs a higher chance than the normal price level. The unreasonable high price and dazzling product patterns make the consumer demand for museum souvenirs drop lower. The research also shows that almost half of the people are willing to pay more for the special souvenir due to its unique historical value. But the others do not want to afford the extra money. With the increase in the total competition in this industry, businesses are now devising many different varieties of products.

3. COMPETITION IN MUSEUM SOUVENIRS MARKET

Due to its various content and a similar product, the market that sells museum souvenirs belongs to a monopolistic competition market. Almost every museum in the world are selling its souvenirs but the patterns and designs are different from each other. In the monopolistic competition market, the price variation among all the souvenirs from different museums should not be large. A small difference is allowed due to various materials and products. However, since price competition is not effective in a monopolistic competition market but the museums can be extremely competitive, non-price competition becomes crucial in the marketing. Non-price competition is a marketing strategy "in which one firm tries to distinguish its product or service from competing products on the basis of attributes like design and workmanship." [2]. Tmall's research investigated that only half of the people are willing to pay more for souvenirs, comparing to other same-patterned products [1]. This result means that raising the price will definitely cause the seller to loss 50% of their consumers. The elasticity of the product indicates that it is impossible to higher the price of souvenirs. On the other hand, in order to cover the total cost of this kind of product, museums also cannot lower the price so much. A small range of prices is not enough to build competitive power. Therefore, the non-price competition of museum souvenirs is of great significance. Non-price competition typically involves promotional expenditures (such as advertising, selling staff, the locations' convenience, sales promotions, coupons, special orders, or free gifts), marketing research, new product development, and brand management costs [2]. It is obvious that the museum brand plays an important role in advertising the product. People who are obsessed with cultural products are much more willing to buy the commodity due to its special historical value. Other people may be attracted by its exquisite appearance. Since its museum brand deeply affects the souvenirs' marketing situation, the external

factors are useless. Only by exploring marketing strategies can souvenirs be sold efficiently. Among all the plausible methods of non-price competition, product development and price segmentation is one strategy of selling a product.

4. FACTORS THAT AFFECT THE SALE AND PRICING OF THE MUSEUM CULTURAL SOUVENIRS

When museums are deciding which price-setting can best sell a souvenir, there are five main factors they will consider, cost of the product, brand effect, consumer willingness to pay, economic nationalism and overall profit that is brought by a souvenir. In order to attract customers and win the competition, firms need to make efforts on lowering costs without reducing qualities, develop brand influence.

4.1. Cost

Cost is the basic factor when considering the price. The cost for selling a product includes fixed cost and variable cost. Fixed cost often represents house rent and variable cost including the cost that will be an expense when producing the product. Usually, fixed cost is much higher than variable cost which means online selling can save a huge amount of money. Sellers must set the price higher than its average variable cost, otherwise, the shop will shut down immediately. Therefore, the cost is always the first and the most important element to set the price of the product.

4.2. Brand effect

Based on To Profit Or Not To Profit [3], the expansion of museum shops is the most significant among the museum branding issues. As the previous article has mentioned, the museum brand is a simple, cheap but straightforward advertisement. The more famous the museum is, the higher popularity its souvenirs are, since people are always focusing on the celebrated brand and easily ignore the unknown one. For example, when choosing a gift for your friends online, people will prefer to intentionally search British Museum and look for products instead of typing an unknown museum. As long as there are more people looking forward to buying the souvenirs from famous museums, those museums will higher the price to earn more money. Conversely, other small museums will lower the price for attracting more customers.

Another manifestation of brand effect is collaboration. Museums can collaborate with other brands on certain related products. This can help broaden the publicity of the product and thus increase sales. For example, Van Gogh Museum and Vans. Several pieces in 2018 Vans's alongside jackets, hats, and other fashion accessories are

purposefully chosen from Van Gogh’s canon to represent the depth of his artistry—Skull, Sunflowers, Almond Blossom, Self-Portrait as a Painter, Old Vineyard with Peasant Woman[4].



Figure 1: Van Gogh Museum and Vans.

4.3. Consumer willingness to pay

Only rational prices can be accepted by most consumers. With the increase in prices, the amount of people who are willing to pay for the product will decrease. Since the design of souvenirs always includes the main element of the collection of the museum, it somehow contains an ascetic value. Normally, a piece of artwork without any other functions but the ornamental value is expensive and has a low price-performance ratio for people. Therefore, museum souvenirs are assumed to be a cheap collection for normal families to be a decoration at home or a gift for others. This setting makes souvenirs have to keep its price low enough, otherwise, the price will exceed the consumer's willingness to pay as a cheaper substitution of artwork.

4.4. Patriotism and economic nationalism

Patriotism becomes a very important factor when people are deciding which product they are buying, especially for the Chinese. This phenomenon is called economic nationalism. Economic nationalism involves discrimination in favor of one's own nation, carried on a master of policy [5]. Native museum products are typical Chinese goods and thus are very welcome among Chinese people, particularly when they have some Chinese traditional decorative elements. The trend of buying native goods encourages people to buy them and helps their marketing and advertising. For example, in 2018, the Chinese National museum had come up with a brand new lipstick. The decoration of the lipstick was exquisite and full of Chinese classical paintings. The lipstick soon leads to a new enthusiastic discussion in China and set off a new wave of Chinese fad.



Figure 2: Palace Museum Lipstick

4.5. Overall profit that selling souvenirs made for the museum

Souvenirs play an important role in museum construction. Contributing up to as much as a quarter of museum revenue, gift shops can be crucial to a museum’s bottom line, but their contributions are not only economic. These unique retail spaces help educate visitors, build the museum’s brand, and strive to highlight — and sometimes even influence — the aspects of art the institution views as important[6].

Overall, the main idea to adjust the price while increasing the sales is to meet customer needs. Museums can improve their products from many aspects discussed above. If the museum wants to extend its customer proportion, it can design various products with different brands in order to attract different buyers[7]. If the museum wants to increase its profit of souvenirs, it should try to find ways to reduce the cost, or to find the maximum purchase intention of customer by research. If the museum also wants to advocate the museum’s reputation, it can incorporate more elements of their precious collection into their souvenirs[8].

5. CONCLUSION

According to the analysis of the current situation of the museum souvenir market, the competition in the museum souvenir market is indeed very fierce. However, because of its special market genre, the competition can positively promote the museum to continue designing and producing a new type of souvenirs. Souvenirs not only evoke buyers' interest in its meaningful history background, but also do their appearance appeal to people as a very exquisite decoration or a gift for friends. Therefore, museums can earn a huge amount of profit, both explicit and implicit profit, from selling their unique featured souvenirs. As the article has been mentioned above, souvenirs can bring benefit to the museum's reputation and also play an important role in the museum's advertisement. Lots of people are going to visit the museum because they saw the beautiful souvenirs previously online. As a result, lots of people are making a lot of efforts on improving their souvenir selling part.

According to the above discussion, there should be at least 4 ways to set a souvenir's price in an appropriate way. First, museums can lower the cost of producing a product, if they need to keep the price constant. This method directly increases the profit. However, this also leads to an evident consequence. The quality of the product will also decline and thus lower down the demand of consumers for this souvenir. The museum can also choose the opposite way. Increase the cost of a product, in order to promote quality obviously. In this way, the museum can add the price to a higher level because people are willing to pay a higher price for a better product. The second method is to collaborate with another brand. As the article has mentioned above, collaboration can hugely expand the range of a product's advertisement because the potential customers of both brands will pay attention to the collaborated product. Crossover collaboration is the most popular type among all the ways. This also brings people a new perspective of viewing a collection of the museum and thus being more attractive to customers[9]. Third, before setting a price, the museum needs to investigate the total willingness to pay for the souvenirs. This is important because museums cannot cater to the consumer's demand unless they have done the research or interview on people. According to economic calculation, the museum can find its maximum profit at the intersection point of marginal revenue and the marginal cost of a souvenir[10]. Last, considering people's patriotism, it is really wise for a museum to contain some national unique elements in their souvenirs. For Chinese museums, they can integrate famous Chinese dragon patterns, for example.

In conclusion, the article analyses the current situation of the museum souvenir market and gives few possible suggestions for the future development of the souvenir industry. The defections of the research is that because of the limit of time, the research put a lot of effort into the theoretical analysis, the research results in the lack of specific case analysis in each part to demonstrate the point. In the future, the study can do deeper research on data analysis of the selling of museum souvenirs and use computer science technology to predict the potential trail of the museum souvenir market.

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