

The Current Status, Challenge, and Future Path for Cultural and Creative Industries in the Palace Museum

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Abstract. In recent years, with the persistent growth of cultural confidence and transition of consumption structure, the public has increasing demand in emotional consumption and cultural recognition. As the museum cultural and creative industry is the crucial vehicle for cultural inheritance and innovative development, it has functioned significantly in promoting cultural industry development and improving cultural soft power. This research will take the Palace Museum as a core example and utilize comprehensive applications, such as reference analysis, interpretation of policy, and classic case analysis, to systematically organize the development process, product type, and innovative features of the cultural and creative industry in the Palace Museum. Research finds that the Palace Museum successfully reaches the transformation of cultural resources to lifestyle products through cross-sector integration and digital innovation. However, it still faces several challenges, which include the balance of entertainment and cultural inheritance, the disability of internationalization, the superficial dissemination of culture, and underdeveloped technological application. This text will go through critical analysis from three dimensions—society, market, and technology—and give strategic suggestions such as deepening the spread of cultural value, enhancing the digital innovation, and expanding international routes. This will provide theoretical reference and practical guidance in sustainable development for China Museum Cultural and Creative Industries (CCIs).

Keywords: Cultural and creative industries, the Palace Museum, cultural dissemination, digital transition, international development

1. Introduction

With the continuous growth of cultural confidence and constant improvement of consumption structure, the public has an intensifying concern and cognition of traditional culture. Additionally, people are altering their consumption habits gradually in line with the rapid economic development. They are inclined to consume products with emotional and cultural value. Those two changes are the key factor in the rise of the CCIs.

Being the major vehicle of cultural heritage and creative development, the CCIs play a significant role in promoting cultural industry updates and improving cultural confidence. At present, relevant research concentrates on the design strategy, marketing strategy, or simple case analysis. Even though there are abundant results, the systematic review of the overall ecosystem is generally

lacking, especially the absence of discussion about sustainable developing routes from several dimensions. The existing reference neither fully exposes the systematic functioning mechanism and the structural challenge behind the success nor provides a more comprehensive analysis of cultural dissemination and industrialized implementation within the same framework.

Under this background, this research will make the Palace Museum the core case, using the combined research method, including reference analysis, policy analysis, and model case, to systematize the developing process, product type, and innovative feature. With the systematic collection and analysis of academic references, industrial reports, political documents, and public market data, this study will work towards the examination of key problems in the cultural expression, commercialization balance, and expansion of internationalization and conduct a critical review based on over-entertainment and insufficient integrated depth of technology and culture.

In this research, we first concentrate on establishing a several-dimension-analyzed framework and fill out the gaps of discussions about systematic mechanism. Then, provide a theoretical basis and practical reference for the same cultural institutions to push forward the industry to system innovation and realize mutual empowerment of cultural dissemination and industrial sustainable development.

2. Current development status of the Palace Museum's cultural and creative industries

2.1. Market size of cultural and creative products in China

Based on the latest data from the National Bureau of Statistics of China, Chinese cultural industries have been persisting to rise rapidly from the 14th Five-Year Plan. The deep integration of “digital and cultural” has been consistently fostering new forms of business. Moreover, the increasing consumption of creative and cultural products becomes an important new growth driver of the cultural consumption market. In 2023, national culture and related industries have reached 5.9464 trillion RMB added value with a 4.59% proportion of GDP, which is a 0.17 percentage point rise compared to the previous year (National Bureau of Statistics). This trend demonstrates the continued growth in demand for cultural consumption, providing ample market for the thriving development of the Palace Museum.

As a leader in the cultural and museum field in China, the Palace Museum accounts for an important position in CCIs that rely on its rich cultural heritage and innovative products. The sales revenue of Palace Museum's cultural and creative products had already reached 1.5 billion RMB as early as 2017 (CCTV.com). This scale is not only well beyond some A-share listed companies in the same period but also emphasizes the strong brand influence and market recognition of the Palace Museum's cultural and creative products. Palace Museum cultural and creative products successfully build a cultural IP of unique Chinese features via the integration of traditional cultural elements and modern design concepts. This makes a creative pattern available for Chinese cultural and museum institutions and cultural businesses.

2.2. Product type and innovation

The Palace Museum reveals obvious cross-class integrations and innovation. Compared with the early-stage cultural and creative products, the recent product class does not only stick rigidly to the traditional stationery and ornaments. The Palace Museum combines their products with different fields of products over time, which grants historical atmosphere to common products. For instance, in the cosmetics field, classical Chinese-style patterns are carved on lipstick; in household

categories, digital printing technology is used to combine pajamas with the Qixu Luofang Tu, giving the meaning of wealth; and in the food category, mooncakes are designed into cultural relic forms, such as palace lanterns with various flavors. The Palace Museum transforms the cultural resources into lifestyle elements that are touchable, tangible, and available. This results in a positive interaction between promoting cultural recognition and encouraging consumption growth.

3. Multidimensional analysis: challenges and opportunities encountered by the Palace Museum

3.1. Social dimension: balance between entertainment and cultural transmission

As the cultural and creative products in the Palace Museum have an expansion of impact, the tendency towards entertainment in the design has gradually aroused academic and social attention. When attracting consumers, these products often utilize humorous and casual expressions. However, the attention of the public will be improved in the short term; this may weaken the initial historic seriousness and the completeness of context.

The core of this argument is the value balance problem due to the process of product commercialization. In one aspect, such as the marketing strategy in social media and the secondary creation of a cute form of Yongzheng. This significantly enhances the participation of the public and transmission efficiency. But on the other aspect, this also brings the criticism of historical cultural trivialization. Some people point out that if the cultural and creative products are over-reliant on popular culture and consumerism logic, the transmitted culture will face trivialized interpretation and symbolic hollowing. Consumers will focus more on the entertainment feature instead of the historical narrative and cultural connotation behind it.

3.2. Market dimension: analysis of deficient international development and collaboration model

The Palace Museum attracts a large number of young consumers by narrating the historical story of the cultural relics via a short video platform and displaying cultural and creative products with modern elements. The combination with e-commerce increases the product exposure and promotes consumption through emotional resonance [1].

Even though the Palace Museum receives remarkable success in the national market, there is a systematic challenge in international development. Currently, the business model highly relies on national e-commerce and social media platforms. However, it is deficient in systematic strategic arrangement targeting the international market. Take communication as an example; the Palace Museum has limited global accounts. It has not registered official accounts in TikTok, which is a high-traffic platform.

In comparison with international market expansion, transnational cooperation, and brand export in global cultural business, the Palace Museum has significantly lagged behind. There are many well-known cultural businesses holding outstanding intellectual property (IP) and cultural rights, such as Disney, the Van Gogh Museum, and Studio Ghibli. Their cultural merchandise has taken up a large share of the market [2].

3.3. Technology dimension: improvement in digital integration and user experience

It has been found that enhanced perceptions of entertainment and cultural experiences result in an elevated perceived value [3]. The cultural and creative products in the Palace Museum have tried

several implementations in digital development and technological integration, which indicates a tendency towards immersive exhibition exploration.

In terms of physical products, the Palace Museum uses augmented reality (AR), QR code recognition, etc., to alter traditional cultural and creative products into interaction media. For example, an interactive puzzle book, which is called the Ruyi Linglong Collection, combines digital narrative with a paper book via a related application. Consumers can immerse themselves in the story during problem-solving. They can understand those relics' backgrounds and traditional knowledge through the immersive process.

In the fields of virtual experience, the Palace Museum uses 3D models, digital twins, WebGL technology, etc., to construct online digital exhibitions and virtual roaming systems. Therefore, consumers can appreciate the relics and structural detail, expanding the spatial boundary of cultural service. Those technologies both promote user experience and give innovative routes to preservation and transmission of cultural resources. For instance, the Palace Museum has designed cultural and creative products exemplified by Auspicious Signs in the Forbidden City. By installing the APP, which presents the product, the public can admire diverse cultural relics through interactive information technology and enrich their understanding of the culture [4].

4. Problems and reflection: the crucial bottlenecks during the Palace Museum's CCI development

4.1. Balance problem of entertainment tendency and commercialization

The cultural and creative products have faced contradiction between commercial value and cultural value. Although the main goal for the cultural and creative products is educational dissemination of culture, the cultural value cannot capture a larger market. Thus, entertainment orientation is becoming an essential part of a bigger market. From the aspect of the market, consumers identify with cultural value while they may still choose the products that are more beautiful and useful. As a result, since entertainment is an easy and attractive form that appeals to young consumers, it becomes an important marketing approach. For example, the Palace Museum CCI's cooperation has introduced a range of cartoon characters of emperors, queens, and other dolls in response to the tendency of the social media influencer economy [5]. But in the long run, when the profit-oriented products are disguised as tools for cultural transmission, consumers who expect to gain the cultural value will be frustrated. If the products are only using eye-catching appearances without the cultural interpretation, the main idea of cultural education is ignored. As a result, the credibility of the supporter will decrease.

Cultural transmission needs a long time to be effective, while booming sales only need short-term exposure. If the products are entertainment-oriented, the cultural interpretation will be decreased. Comparatively choosing cultural aspects, the mass market will be lost. Thus, commercialization and cultural transmission need to be balanced. The critical breakthrough point is to wrap cultural knowledge in a beautiful appearance to attract consumption by the appearance. The culture transmission can be designed for the product usage. For example, placing small knowledge cards with the product and printing QR codes containing relevant backgrounds.

4.2. Insufficient internationalization capability

Even though the Palace Museum has participated in several international cooperations, the problem of expanding the market share is still tough to solve. The core of the problem is the differentiation in

culture. For those foreign people who are not familiar with Chinese culture, Chinese culture has a relatively high cultural cognition threshold. To symbolize power and royalty in ancient civilization, western people prefer purple, while Chinese prefer red and yellow, which are usually used in palaces and imperial clothing. Research shows that in all the samples of cultural and creative products, the red series-yellow series has the greatest proportion compared with other colors, reaching 46%. This is because red represents 'lucky' and 'celebration,' which are festive and auspicious [6]. In addition, language barriers are also a problem. There are many translation tools and translated articles available nowadays, but many of them are literal translations, which lack the meanings of Chinese based on context. Thereby, those foreigners cannot realize the Chinese definition, which leads to indirect understanding mistakes.

Another problem is the shortage of international ability. The Palace Museum is short of opportunity for expansion because of the low penetration in the international market. If the national sales have a significant issue, the Palace Museum is unable to make up for the loss. The external output capability decreases at the same time.

4.3. Lack of depth in cultural dissemination

The dissemination of the Palace Museum's cultural and creative products has been reflected by several aspects. First, the information is being marginalized. Take 'Flower God Lipstick' as an example; while the product detailed page has given out the inspiration and knowledge, some consumers only pay attention to the beautiful patterns on the product and series of lipstick shades. The cultural knowledge is still designed into an add-on instead of a main body. Otherwise, the transmission form is too transparent. If a consumer does not read the product introduction page, they could not fully access the cultural knowledge. Secondly, the dissemination has lacked emotional resonance. Since market competitions are getting fiercer and consumers are more rational, the competitions go beyond the level of mere price. It rises to the value behind. When consumers are seeking solutions, they not only expect the product itself to present its value but also desire enjoyment and satisfaction gained from mentality [7]. The cultural dissemination from 'Flower God lipstick' only contains knowledge of flowers but does not establish emotional and interactive connection. When the cultural transmission only stops at the surface, the traditional culture, which is the feature of the Palace Museum, is hard to be presented. The differentiation between products will be reduced.

4.4. Technology application still needs to be strengthened

The Palace Museum has been developing digital cultural and creative products; nevertheless, the products lack the technological application utilized overall. The encountered problem is to transfer more from visibility to learnability.

The technological problems will affect the interest of people. From the aspect of digital exhibition, the time and maintainable costs are high due to the design of scenery and input of 3D technology. Although the rendering is outstanding, part of the visual display of the cultural relic is not enough for common people. For example, the culture behind the exhibit of relics' pattern is not explained. Technology can be used to allow the audience to understand the knowledge and appreciate the appearance of relics instantaneously.

The technology application used in cultural and creative products is lacking. It is because consumers purchase the products only due to the practical and beautiful feature. Consumers may not want to spend time on scanning QR codes and learning educational knowledge in the code.

Additionally, there is an extra cost to design and develop. Therefore, most of the knowledge is transmitted by pictures and words. For the differentiation of different devices, the performance of AR cannot be perfectly presented.

For the physical products, it is important to transfer from statics to dynamics. For example, the utilization of AR can lead to the movement of the scenery, making the exhibition of every angle of relics with clearer details on devices. This results in more interactions between consumers and cultural and relative products to a greater extent.

5. Future development trends and recommendations

5.1. Digital innovation

To reduce the comprehension threshold of culture in digital exhibitions, more intelligent voice guides can be equipped. For example, when consumers want to slide the relics on the touch screen, they can choose patterns or sections. After that, a short video with corresponding knowledge will be played. The convenient operation and simplified explanation can improve people's interest towards that knowledge. Interaction is significant for increasing interest.

To realize the digital innovation of the cultural and creative products, the cost is relatively high. Currently available products include puzzle books and calendars. The goods that have strong visual expressiveness can be selected to merge with technology, such as a small night lamp. It can change different sceneries using the projection technology. Also, it can be changed into a normal model of a light, resulting in both practical use and cultural transmission.

5.2. Commercial collaboration and globalized brand

The cultural and creative products need to persist in engaging cross-industry cooperation, penetrating into different types of products. Hotels, games, and other fields can be the media of cultural transmission. When both brands are consistent in tones, they can excavate and combine the differentiated advantage elements from different fields of goods. Also, they can realize the resource integration and complementary advantages at a deeper level. By sharing the brand value concept, both parties can break the original brand boundary and mental set from a new design viewpoint [8]. Take the cooperation with the hotel for an example; different distinct-style suites can be launched. A short holiday can enable people to experience the charm of culture directly.

A good dissemination method is an important first step. Cross-border e-commerce has a globalized market. The business is able to face global consumers, expanding the market edge. This allows developed and developing countries' consumers to participate in cross-border consumption [9]. The Palace Museum has to register more international e-commerce and social media accounts and be active to improve its fame. This low-cost and high-efficiency way can contact people from different backgrounds and can transfer information by grabbing people's interest in the short term. Furthermore, the language barrier can be diminished by providing appropriate and clear official translation to reduce the cultural understanding threshold. The introduction of the products can be offered on different corresponding sites rather than using the machine translation.

5.3. Deepen the cultural transmission

Research shows that in the development of cultural and creative products, prioritizing the integration of cultural value and the implications of items that reflect the traditional culture of the Palace Museum has become a critical element in the design process [10].

The Palace Museum can provide more routes to acquire knowledge rather than being limited by the product introduction page. For instance, printing QR codes on the packages of the products and giving relevant story videos, etc.

Secondly, to make the emotional resonance with the products and consumers, for 'Flower God Lipstick,' the corresponding flowers matching different shades can be changed to symbols. Compared with the relationship between flower and human, the symbolized feature of the flowers can better resonate with consumers. For example, peony represents prosperity and good fortune. The advertised introduction can be improved to 'Peony—wish you good luck and riches.' It transmits the knowledge about peony at the same time. For consumers, those slogans can interact with their lives and build mental connections with culture.

6. Conclusion

Through research, this study finds that the Palace Museum is a successful and remarkable case in CCIs. While researching from different perspectives, it is found that currently the Palace Museum cultural and creative products have faced several problems, including excessive entertainment attributes, lack of international ability, simple dissemination form, and immature use of technology. For the future, the Palace Museum can overcome challenges through participating in more global cooperation, improving digital technology, and enhancing the cultural connotation reflected by the products.

It is worth highlighting that the Palace Museum's development has provided a transition paradigm from 'preservation of relics' to 'activation of cultural heritage' for cultural and museum institutions. This transition is not only demonstrated by the products but also involves the development of organizational structure and a cooperation model. The Palace Museum forms systematical capability through building a professional team, extending cross-industry cooperation, and establishing a digital supply chain. This experience has important reference value to other cultural and museum institutions.

The main contribution of this research is to provide ideas for the cultural and museum institutions, such as the partnership approach and potential product type. Furthermore, it is demonstrated that the CCI is more than just a contributor to the economy; it is also a major component of Chinese soft power.

This research faces limitations now. Products in the Palace Museum have representativeness but cannot cover the whole industry. Additionally, the future of technology is hard to predict due to the rapid development of technology. Future studies should combine several cases to compare and analyze with tracking of the latest developments in technology and information.

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