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• WHAT IT TAKES & HOW IT WORKS •

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Wu Promotion: From Branding to Benchmarking

As a brand of Wu International Cultural Media Corporation, 'Wu Promotion' was founded in 1991 by European Chinese father and son team Wu Zezhou and Wu Jiatong. The company strives to enhance mutual understanding and friendship among countries through international cultural exchanges by means of planning, organizing and promoting arts and cultural events. Based on 20 years of development, Wu Promotion has now established a presence in Beijing, Shanghai, Europe and the Middle East with a team of over 40 staff members serving various departments from regional performances, talent agency, public relations to mega event management. Wu Promotion organizes more than 500 arts and cultural events around the world every year and has successfully established a professional brand image in the international cultural scene. What is more, it is ambitiously planning to become a multinational corporation in the near future. As a precursor in China's performing arts market, the footprints of Wu Promotion will serve as a model and an inspiration for others.

The stages to a Multinational Corporation...

Opening Stage: A Prohibited Operation

In spring 1991, Wu Zezhou, a physicist doing research and teaching in Munich, visited his son Jiatong who was still an Electronic Engineering student in Vienna. This trip

would bring a drastic change to both men's destiny.

During his visit, Wu was introduced to a Viennese musician named Marat who asked him for a favour, "Can you bring our orchestra to perform in China? We will take care of our air tickets and our performers will not ask for any performance fee." Wu could not refuse his friend especially for what he regarded as a highly meaningful cause, so he readily agreed to help.

However, things developed far beyond his expectations. In the summer, Wu returned to Beijing to knock at the door of Beijing Concert Hall. He thought they would very happily accept this collaboration yet to his surprise, he received the following response, "Mr Wu, we do appreciate your kind offer, but we are not able to help," said Miao Yu, Director of Beijing Concert Hall, who went on to explain,

"No one appreciates classical music here in Beijing. The Central Philharmonic Orchestra (now China National Symphony Orchestra) is the best in China. Even when they performed here, they only charged 2 to 6 yuan per ticket. Yet only half the seats were occupied and only a few dozen people returned to their seats after the intermission. Indeed, I am embarrassed to tell you that in one of the performances, only 8 persons stayed on, which was fewer than the number of performers on stage. Air tickets and performance fees aside, we still cannot support their accommodation and meals given the negligible revenue from ticket sales. The hotel rooms in Beijing are as expensive as those abroad."

Though taken aback by the poor cultural climate in

Beijing, Wu did not give up. He is the type of tough-minded person who refuses to give up easily. He offered to cover the hotel and meal expenses by himself, so Miao finally agreed to help, "there is no problem, then. We will split the ticket proceeds between us." When Wu was about to finance the performance himself, a friend suggested he might actually look for sponsors. That was the first time he heard the word 'sponsorship'.

Things started to get dramatic. For the purpose of exploring sponsorships, Wu's friends introduced him to hotels such as the Xinqiao Hotel, the Landmark Hotel, and the Great Wall Sheraton ... all of which seemed enthusiastic and welcoming, but all discussions ended in vain. Fortunately, upon the recommendation of the Beijing Tourism Board, the Grand Hotel Beijing agreed to sponsor hotel rooms and meals for the performers, on the condition that a special concert be held in their Grand Ballroom and broadcast to Beijing residents.

So Wu had to look for a television channel partner. If he could not find one, there was no way they could proceed any further. He finally got in touch with Yu Zhifeng, Chief Editor of Beijing TV. As Wu relates, "I will never forget what Yu told me. He said, 'Professor Wu, your project is a pursuit of international cultural exchange, we will support you fully and not charge any broadcasting fees.'" They reached a mutual agreement on broadcasting, yet more issues arose as Beijing TV would not provide any front or back stage support. Wu had to look for the MC and actors himself.

Once Wu succeeded in securing actors from the Central Conservatory of Music and the Beijing Dance Academy, things were nearly set. The Schrammel Music Quartet flew over to China, made a successful debut at the Beijing Concert Hall and performed in the variety show *Beijing – Vienna Night* at the Grand Ballroom of the Grand Hotel Beijing. The impressive performance was broadcast by Beijing TV, giving Beijing residents the opportunities to enjoy the show in front of their televisions that evening. The artists from Vienna were also thrilled with amazing responses. While Wu was feeling relieved after the event, another issue cropped up – more overseas arts organizations started to seek his help to bring their shows into China. Since then, Wu has already arranged 15 visits of foreign music and arts groups to China., and a Although the processes were not always so smooth and easy, one after the other they all

met with success.

"In fact, when the Beijing Concert Hall turned me down at the very beginning, I could have informed Vienna with just one fax apologizing for not being able to work out anything here. The story would have ended right there and none of the following events would have occurred." However, Wu's personality would not and did not allow this to happen.

Looking at the business development of Wu Promotion, Wu's distinctive character has played a distinctive role as the founder of the business. He once said, "There is an old Chinese saying, 'one will not turn around until he hits the South Wall'. What I do is to find a way to break through this wall without getting hurt." His persistence was obvious.

In fact, private arts enterprise was not allowed in China in the 90s. The restriction was not lifted until 2005. Wu had made valiant attempts to start the business as early as in 1991, and enjoyed sparkling results afterwards. In 1992, Wu Promotion brought Peter Guth and his Vienna Strauss Festival Orchestra on a China tour. During another 10 visits over the next few years, the Orchestra performed in different parts of China. Subsequently, in 1996, Buckner Orchestra Linz from Austria performed in China, marking the very first time for Wu Promotion to organize a first-class foreign symphony orchestra tour in China.

Development Stage: Private Cultural Enterprise with Government Support

In 1997, Wu read a book about potential problems China would face upon entering into WTO. Once China opened its doors, waves of foreign culture would flood in, followed by a huge amount of foreign capital and technologies. The one-way inflow of cultural products would create 'cultural deficits' on China's part. At that time, China's major cultural export was acrobatics, which was mainly a form of cheap labour and not a good representation of China's mainstream culture. "There are so many stages in the world and there must be a place for national musicians from China!"

Wu's 'never-say-never' character once again drove him forward. He wrote to the Ministry of Culture to express

his opinion, "I believe the effort and hard work of Chinese artists can actively promote the best of our national culture on the world stage and the global marketplace." Facing the challenging situation, Wu suggested, "Let us take the initiative in getting our message across." He decided that he would either do his best or do nothing at all, and set his sight on performing at the world-renowned concert hall – the Wiener Musikverein (the Golden Music Hall of Vienna).

Father Wu and son Jiatong sought to bring the China Central Chinese Orchestra on a European tour, which was a far more challenging task than bringing the Vienna Orchestra to China. Jiatong travelled back and forth between Asia and Europe seven times to coordinate the tour. In the Mainland, he went through numerous hardships in communicating with the Ministry of Culture to secure exit permits for the performing team consisting of more than one hundred artists and performers. Wu Promotion assumed responsibility for the group's traveling expenses including air tickets, meals and accommodation in Europe. They also took care of transportation and meal allowances for the media group of over 40 journalists from Central TV, Beijing TV, Shanghai Oriental TV and other members of the press. All these meant that Wu Promotion was taking a high risk.

Finally, everything was set. In the fall of 1997, Wu became the first Chinese to sign a performance agreement with the Wiener Musikverein. It was a historical moment when both the Chinese and Austrian leaders sent congratulatory messages to the event.

Jiang Zemin, then President of the People's Republic of China, wrote, "I am pleased to learn that the China Central Chinese Orchestra is going to visit Vienna during the Spring Festival and present the first *Grand Chinese New Year Concert* at the famous Wiener Musikverein. This is a milestone in the history of cultural exchange between the two countries of China and Austria."

At the same time, President of Austria Thomas Klestil also wrote, "Mr. Wu Zezhou has been inviting our Viennese musicians to perform in Beijing over the past seven years, giving Chinese music lovers a better understanding of our musical culture and traditions. I am delighted that in the eighth year, Mr. Wu is finally bringing us musicians from Beijing, allowing Viennese people the opportunity to appreciate the beautiful sound

of Chinese traditional music."

It was 7:30 p.m. on January 27, 1998, the first day of the Year of Tiger and Mozart's birthday when the China Central Chinese Orchestra proudly stepped onto the stage of the 'Golden Hall'. Thirty-six shiny golden sculptures of the Goddess Muse and the dazzling chandeliers lighted up the grand hall together with all the wall lights in a breath taking burst of glamour. All the 2,000 gold-coloured seats in the three-storey auditorium were fully occupied while 300 members of the audience with standing-only tickets looked on from the back.

According to news reports, when the performance ended the audience burst into applause and cheering, with many excitedly stamping their feet even. Owing to overwhelming requests for encores, the concert extended to three hours and five minutes, far exceeding the normal performance time of 100 minutes.

The success of the concert went far beyond the Orchestra's imagination. China Central TV, Shanghai Oriental TV and Beijing TV, along with Österreichischer Rundfunk (ORF, Austrian Broadcasting) and the European Satellite Trios broadcast the music event to hundred millions of viewers around the world. The Ministry of Culture positively characterized this event as "an exemplar of private arts operation with government support." In this way, the Wu Promotion obtained official recognition.

Since that time, not only has the *Grand Chinese New Year Concert* has not only become an annual tradition in the Wiener Musikverein, a great variety of Chinese cultural performances have also been presented abroad with the help of Wu Promotion. In 2001, Guangzhou Symphony Orchestra made its first tour to Europe. The performance was conducted by the renowned Yip Wing Sie, and supported by the solo performances of Li Yundi, winner of 2000 International Frédéric Chopin Piano Competition, and of celebrated Chinese Pianist Chen Sa. In 2003, under the leadership of the artistic director and conductor Yu Long, the China Philharmonic Orchestra went on tour to Vienna. The Dalian Acrobatic Troupe also introduced its exciting Chinese acrobats to thousands of local citizens at the Vienna City Hall. Accompanied by world-famous cellist Mischa Maisky's solo performances, the Guangzhou Symphony Orchestra gave concerts in reputed concert halls in Paris, Luxembourg, Amsterdam,

Cairo and Alexandria. In 2004, the Guangdong Modern Dance Company toured Germany, Switzerland, the Netherlands, Belgium and Luxembourg, marking Wu Promotion's first step into presenting modern dance abroad. In 2005, Wu Promotion cooperated with Laeiszhalle Hamburg in bringing the Peking Kun Opera Group for their debut in Germany, which successfully introduced *kunqu* opera to the world stage. During the same year, Wu took the Shanghai Chinese Orchestra on a Mexico Tour, officially exporting Chinese performances and extending his company's reach to the Americas.s.....

Breakthrough Stage: Prototype of a Multinational Corporation

On September 1, 2005, the Chinese government promulgated a policy embodied in the 'Regulation on the Administration of Commercial Performances'. Since the policy became effective, many issues related to commercial performances have been solved. For instances, Sino-foreign joint venture companies, Sino-foreign performance agencies and venues are officially allowed in China. This presented Wu Promotion with a chance to transform from a local company to a multinational corporation.

In 2006, Wu Promotion set up a joint venture company in Germany called China Germany Entertainment GmbH & Co. Two years later, the Company organized a large-scale acrobatic ballet performance of *Swan Lake* in Germany, Austria and Switzerland, presenting 16 shows in all at different theatres for more than 80,000 audiences. Then, following up on these successes, from September 2008 to February 2009 there came a second round of European tours totalling 100 performances. Once again overseas audiences were treated to fascinating acrobatic ballet shows. These performances demonstrated how China Germany Entertainment GmbH & Co. has gradually spread out to cover the European performance markets.

In 2012, Wu Promotion established a performing arts agency in the Middle East to assist the *Grand Chinese New Year Concert* in its premiere at the Oman Royal Opera House as well as the first showcase of Chinese acrobatics at the Oman Muscat Festival. Wu Promotion aims to cover the entire Middle East performance market and the activities mentioned above have played a major

role in extending the company's global reach.

Jiatong notes, "Over the years, we have established the German and Middle Eastern companies not only to export Chinese culture but also to consolidate international cultural resources, thus creating a platform for cultural exchange. This is why we are bringing the Symphony Orchestra of India and the National Ballet of Canada to the Middle East."

Wu Promotion has just started its international expansion. All the joint ventures are so far managed independently, with Wu Promotion owning 51% of the shares and the remaining 49% belonging to and managed by its local partners. While their financial statements have yet to be consolidated, all of these have been put into their business plans. As Jiatong indicates, "We are going to establish our Asian headquarter in Hong Kong under the name of Wu Promotion Asia Company Limited. But all the mergers and to complete the formalities of mergers and consolidations, but it are going to take some time." He also sketches his blueprint; "Firstly, we will launch a three-year plan to actualize our coverage in the North and South Americas, markets we have not yet penetrated. After that, we are planning for another 5 to 10 years of development in order to complete the entire framework that will allow us to respond quickly to market needs for both China and international cultural products. In other words, Wu Promotion is on course to becoming a multinational international performing arts corporation."

Total Brand Awareness

Wu Promotion has been very conscious about its branding ever since the company was founded, largely due to Wu's drive for perfection.

The Beijing-Vienna night held at the Grand Hotel Beijing back in 1991 is a good example. "My personality is to pursue perfection. At that time, I did not expect to make a living with that project. If it had not been for my innate perfectionism, I would not have undertaken it."

For the performance in question, Wu chose his artists seriously. According to Wu, "We only picked those who have achieved first-class awards; not even the runners-up were good enough." Rising singers Song Zuying, Huang Yuefeng and dancer Ding Jie were recruited under this criterion. The only exception was the 14-year-old

guzheng artist Yuan Sha, who had not received any first grade award up to then. Wu finally decided to include her because he perceived her potential. Later on, for her *guzheng* solo with *YanAnYiHen* (the Eternal Regret of Yanan), Yuan Sha reaped the gold medal at the first National Musical Instrument Solo Contest of the National Youth Arts Competition under the professional youth category. Wu said, "I am delighted that she brought me a gold medal after 11 years of effort."

On top of that, Wu produced a programme booklet for his event, which was a very rare move at that time. He even invited the noted calligraphy master Qi Gong to do the script for the cover. "It was blue and printed with a stave pattern." Wu still remembers it vividly.

In 1998, the story was much the same when they held the *Grand Chinese New Year Concert* at the Wiener Musikverein for the first time. The Wu father and son team went through all the musical pieces selected by their Chinese musicians one by one and repeatedly sought out the comments of local and foreign experts. Behind such meticulous effort was the conviction that they "did not have the right to fail".

In order to show support for their very first expedition to Vienna, Wu Promotion organized a group of 450 fans of the Orchestra willing to accompany the show at their own expense. On the day of departure, a formidable cultural delegation of 600 people boarded a charter flight heading for the shores of the beautiful blue Danube. At the same time, Jiatong flew in 8,000 red flowers from Southern Italy at the cost of 100,000 Austrian schillings.

Ready to build on its previous success in Vienna, Wu Promotion turned its eyes to the development of the *Grand Chinese New Year Concert* into a high-end, top quality branded performance. During the Chinese New Year of 1999, Wu promotion launched the 'Year of the Rabbit Project' through which the profile of the China Central Chinese Orchestra was raised to new heights after visiting eight European cities in Austria, Germany and Denmark. President Jiang Zemin wrote a second congratulatory message while the President of Austria and the Princess of Denmark also extended their warm congratulations. Television and radio stations from China, Austria, Switzerland, Germany, France and Denmark broadcast the entire concert.

In 2007, to celebrate the tenth Anniversary of the *Grand Chinese New Year Concert*, Wu Promotion organized a world tour in which two Chinese orchestras performed one after another in more than 20 major cities in 11 countries including Switzerland, Austria, Luxembourg, Germany, Egypt, the Netherlands, Denmark, Sweden, Finland, and Russia over a period of more than 40 days. The group crossed the three continents of Asia, Africa and Europe, covering thousands of air miles. The occasion became a precursor for a mega Chinese music world tour.

These series of events helped to establish the *Grand Chinese New Year Concert* as a golden brand for Wu Promotion as well as for Chinese music in general. In fact, Wu Promotion continues its commitment to presenting each performance with a strong branding concept, with all the sub-brands finally contributing to the success of the mother brand – Wu Promotion.

Leading to a Mature Market

When Jiatong concluded the success of the *Grand Chinese New Year Concert*, he stressed the importance of their "insistence on selling tickets" as the top priority. This reflected their enduring commitment to establishing sound marketing concepts as well as their high expectations for positive and healthy market growth.

In 1991, a ticket to a cultural performance in Beijing would normally cost around two to six yuan. However, the ticket price for *Beijing – Vienna night* was set at 80 yuan while that to the performance at Beijing Concert Hall was 12 yuan. Although the tickets were much more expensive than the average market prices in Beijing, all the tickets were sold out and many people were left longing for one. This also allowed artists to earn a higher income reaching 3 to 7 times the market level. Wu is confident that he has brought quality performances deserving both of good pricing and good sales.

For the first *Grand Chinese New Year Concert* in Vienna in 1998, Wu's father and son team found ticket pricing extremely challenging. They reviewed all ticket pricing records for performances conducted at the 'Golden Hall' in the previous few years and conducted detailed analysis into their timing and pricing.

"What price level should we set?" The question lingered for quite a long time. They well understood that the

Viennese were not familiar with Chinese music, and if the prices were set too high, it might put people off and would prove embarrassing if the seats were not sold. On the other hand, if the prices were too low, they worried the others might belittle them. In the end, Wu made his decision, "Let's have the same price level as Herbert von Karajan's orchestra!" After so many years, Wu still became quite excited as he recalled the incident. "We finally set our prices on the same level as for Karajan's orchestra. The reason for doing that was not our own dignity, but rather the dignity of Chinese national music!"

However, national emotions cannot override market principles. In order to attract more people to the show, Wu posted advertisements in over 300 Chinese restaurants in Vienna to inform all diners about the concert. Furthermore, he raised awareness among music lovers by putting ads in places they frequented. They swept through all places related to China, checking out all Chinese names, and all Tai Chi and Kung Fu groups and the like in the telephone directory in order to maximize their reach to a crucial target audience. All tickets were finally sold out and the concert was performed before a full house.

Throughout its 20 years of operation, strong market concepts have always served as a key guideline for Wu Promotion. The management team has also proved themselves capable of gathering and developing exclusive viewpoints through learning and practice.

Take market risk as the first example. Jiatong believes that running a performing arts enterprise is similar to investing in the futures market — it is crucial to catch the right timing in order to buy low and sell high. First of all, they must have a thorough understanding of the macro environment. Jiatong delivered a clear analysis of the three emerging performing arts markets: the Asian market as led by China has seen a high popularity level for classic high arts thanks to relatively stable political environment and economic growth. It is a promising market with constant growth. The Middle East market, by contrast, is a fluctuated market. It is affluent but audience numbers are low and investment is volatile. The investment in performing arts today might shift to somewhere tomorrow. The market lacks solid support from audience educated in the arts. On the other hand, the Latin American market led by Brazil is a comparatively small market. Its government subsidies

and cultural policies are better than those in China but the return on investment is relatively small. A good understanding of the realities and sound judgments on the conditions of different markets make it possible to reduce business risks. Jiatong views Wu Promotion basically as a stable and low-risk company.

Another example is the cinema network concept. Jiatong is highly resistant to adopting a cinema network type of distribution strategy, i.e. mass production, which is particularly unsuited to quality-oriented artistic performances. As Jiatong observes, "If we request a pianist to perform 50 to 60 shows, what top pianist would do it? It is also unrealistic to ask the Vienna Philharmonic Orchestra to perform that many shows for us. Good arts cannot be distributed under a wholesale model. Each city has its own culture and audience tastes vary. For example, people in Tianjin like Guo Degang, while audiences in Liaoning love Xiao Shenyang. It is impossible to standardize market needs. What we should do is to bring good arts to places that need them."

Becoming an Industry Model?

Wu later concludes, "My journey in running a cultural enterprise can be regarded as both a matter of 'chance opportunity' and 'personal interest.'" Wu was inspired by music at a young age and studied music under Liu Weimou, the younger brother of Liu Tianhua. 'Personal interest' or passion for the arts has been the core pillar supporting his venture.

Jiatong recalls the time when he led a performing tour to Lanzhou on behalf of his father 20 years ago. It was a concert of Richard Strauss's music. The audiences were fascinated by the great performance and they all stood up cheering and gave huge applause to the performers during the encores. "Just imagine, as an electronic engineering student at that time, I was totally stunned by the overwhelming audience responses." Jiatong handed over his certificate to his father right after graduation and proceeded to concentrate on his performing arts business.

Exactly because of his passion for the arts, Wu Promotion has a strong sense of responsibility regarding its performance projects. They do not treat their shows as trading commodities. Rather, as Jiatong remarks, "A performance usually lasts 90 minutes or more. During

these 90 minutes, our greatest achievement is not derived from profits but the applause from the audience members who stand up for us. The applause of course, is actually for our performers. I believe it is worth doing and I am happy to have done it.”

This conviction has steered Wu Promotion away from failures notoriously tied to a common eagerness for quick success and profits. Because of their respect for the arts, they have been able to grow and expand continuously, as a healthy and positive presence in the performing arts market.

Wu Promotion’s portfolio is versatile — from bringing overseas cultural performances into China, exporting Chinese cultural performance overseas to promoting cultural exchanges among different countries and cities. Wu Promotion has also established performing arts agencies in Beijing and Shanghai, run joint ventures in Germany and the Middle East, and is now planning to develop their North and South American markets and ultimately achieve a truly global coverage. It can be said the company’s development is closely tied to the evolution of China’s cultural policy and the growth of its performing arts market, for which Wu Promotion has innately served as a driving force and a change agent.

Today, Wu Promotion’s global expansion is at full speed. Whether it will succeed does not only concern the destiny of one single corporation. In a time when more and more private cultural enterprises open in China, Wu Promotion has set itself as the industry pioneer and forged a path for others to follow. If its plans can be realized, the company will become a successful reference model for the cultural industry at large.