

# Research on the Development and Innovation of Chinese Cultural Brands in the Internet Economy

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**Abstract**—The development of network technology and the popularity of the Internet have led to the rapid development of the Internet economy around the world. At present, the Chinese market has also formed a new market structure dominated by the Internet, information and high technology, which has brought new opportunities for the development of Chinese cultural brands. But at the same time, cultural brands also face difficulties in capital, marketing and brand competitiveness. To realize the innovative development of cultural brands in the Internet era, companies need to grasp the basic connotation characteristics of cultural brands, conform to the trend of economic development, and achieve cross-border integration with the Internet to implement innovative development measures from various aspects.

**Keywords:** *Internet economy, cultural brands, innovative development*

## I. INTRODUCTION

With the rapid development of the Internet, the current world economy is moving towards a cultural economy and a network economy. Analyzing China's economic situation since the 21st century, it is not difficult to find that the rapid development of the overall domestic economic level and information technology has actively promoted China's economic structure. On the one hand, with the continuous improvement of consumers' quality of life and the diversification of access to information, consumers' value, consumers' psychology and consumers' behavior have changed; on the other hand, the success of many Internet brands in China and the rise of new business models, such as online shopping, have greatly changed the traditional production, consumption and sales models. As a Chinese cultural brand that plays an important pillar role in the economy and culture, the traditional business model has been unable to meet people's growing consumer demand. Therefore, how to realize the development and innovation of cultural brands in the era of the Internet economy has become a new demand for corporate development. Seizing the opportunities in the Internet era and carrying out innovation and development are the ways for enterprises to strengthen brand building and build their own cultural competitiveness. However, how to truly keep pace with the times and implement the "new" to promote the development of enterprises still needs to be explored.

## II. THE CONNOTATION OF INTERNET ECONOMY AND CHINESE CULTURAL BRANDS

### A. *Development of internet economy in China*

#### 1) *The meaning of the Internet economy*

The Internet economy refers to the economic relations of production, distribution, exchange, and consumption based on computer networks. It is based on information and computer networks, supported by science and technology, and produces, distributes, exchanges, and consumes network products as its main content, with knowledge and technological innovation as the soul. The Internet economy is a concrete form of the knowledge economy, also known as the digital economy, this new economic form it is affecting the social economy and people's lives at an extremely fast speed. Compared with the traditional economy, the Internet economy has the following significant characteristics: fastness, high penetration, self-inflatability, increasing marginal benefits, external economics, and Persistence and directness.

#### 2) *Status of Internet economy in China*

According to the Statistical Report on the Development of the Internet in China issued by CNNIC, as of June 2019, the number of Chinese Internet users was about 854 million, and the proportion of Internet users using mobile phones to access the Internet was as high as 99.1%. The high popularity of Internet in people's lives has promoted the application of Internet in enterprises. Statistics show that by 2020, the Internet economy is expected to account for 8% of GDP, and it will become a pillar industry of the national economy. It can be seen that the Internet economy has good development prospects in China.

### B. *Connotation of cultural brand*

Brand is the carrier that condenses all the elements of the enterprise, and is the concept and impression of the audience on a certain thing under the comprehensive influence of various related information. It includes the quality of the product, added value, history and consumer judgment. Cultural brand on the basis of the brand, the attributes of national culture are added. From the connotation of the cultural brand, three general characteristics of the Chinese cultural brand can be summarized.

Chinese cultural brands were born in China's own territory and are representative of Chinese culture: The earliest areas for the creation of Chinese cultural brands should start in China. Even if many national enterprises continue to grow and develop, the establishment of branches around the world, as long as the birth of national enterprises originates from In China's territory, the consumer brand it creates is China's cultural brand, which represents China's cultural output.

Chinese cultural brands have a long history of precipitation, and most of them are traditional enterprises mainly engaged in manufacturing and processing: A brand can have the traditional cultural background and deep cultural heritage only after a certain period of cultural accumulation has formed its unique influence and core value, which have gained wide recognition from the society, and then finally formed a cultural brand, also known as an "old-time brand". For this reason, most of China's cultural brands are concentrated in traditional industries, involving food, Clothing, cultural industries and many other fields.

Participating in market competition is the fundamental condition for the realization of cultural brand values: Brands are the cornerstone for companies to participate in market competition. The market is also the fundamental condition for realizing brand values. The same is true for cultural brands. It must compete with regional brands in the market. For other brands, Chinese cultural brands should gain the favor and trust of local consumers, which is the key to a national consumer brand's continued vitality and solid foundation. However, this limitation also makes some cultural brands can only participate in the local competition in the Chinese market.

### III. ANALYSIS OF THE DEVELOPMENT DILEMMA OF CHINESE CULTURAL BRANDS IN THE INTERNET AGE

Since the implementation of China's reform and opening up policy, many well-known cultural brands have emerged, such as Jianlibao, Huiyuan Juice, Meijiajing, Baique Ling, Dabao, Chinese toothpaste, Panda color TV, narcissus washing machine, Lekai film, etc. However, with the Internet economy China's development has entered a new economic era, market competition has intensified, and a large number of emerging Internet brands and overseas brands have entered the market, which has led to the development of traditional cultural brands into a bottleneck. By analyzing the development dilemma in capital, market, and brand competitiveness, we can further understand the development status of cultural brands and determine development strategies.

#### A. Capital

Chinese cultural brands are basically private enterprises, and most of them are not popular high-tech industries, facing the following dilemmas in the capital market:

The financing channels are narrow and the financing threshold is high. According to the survey of the Chinese Academy of Social Sciences, more than half of private

enterprises still use self-raised funds as the first financing channel. Excessive reliance on self-raised funds has limited the financing level of enterprises and it is difficult access to the large amount of funds needed for development. Moreover, the equity financing and bond financing markets of Chinese enterprises are not particularly mature, and the requirements for enterprises are relatively strict, so it is difficult for traditional private enterprises to achieve financing in this way. At the same time, under the current background of China's sound monetary policy, loans demand is greater than supply. The interest rates of banks and private loans through enterprises are at a high level, and the cost of loans is high.

Weak competitiveness in the capital market and difficult financing. Cultural brands are mostly labor-intensive private enterprises, which are not high-tech industries supported by the state. As a result, there are great restrictions on bank loans. When a company uses a traditional model of financing through a credit institution, it is unable to obtain bank lending information and obtain loan qualifications in a timely manner, which prevents it from obtaining and using credit funds in the credit market.

#### B. Market

Compared with many emerging brands that have come after, traditional cultural brands are facing a crisis of market shrinkage. The reason for their lack of market competitiveness can be attributed to the following two points.

##### 1) *Lack of technology and service innovation*

Many cultural brand companies belong to the field of labor-intensive industries, and most labor-intensive industries are based on low-cost competitive advantages. They are at the low end of the global value chain, and they have obvious bottom-to-bottom competition. In the Internet era with the rapid development of information and technology, emerging brands used the advantages of technology and labor costs to quickly seize the market, while cultural brands were constrained by traditional business and handicraft models. Products could not maintain their original profits, nor could they expand the product value chain. The market and profit space have been repeatedly compressed.

##### 2) *Lack of innovative publicity and marketing channels*

In the Internet era of information explosion, it is often products that enable consumers to "remember" can dominate the market. And emerging brands, especially Internet brands, have unique advantages in network communication. Traditional cultural brands are at a disadvantage in competition in emerging markets due to a lack of promotion and marketing.

#### C. Brand competitiveness

Brands are the soul of an enterprise, especially for cultural brands. However, even the most prominent brands are always facing the risk of aging or even disappearing. In the fierce market competition in the Internet economy, Cultural brands often face the following challenges.

The brand image is not clear, and it is difficult to adapt to the needs of the modern market. In the era of information explosion, there is a high demand for brand identification. The inaccurate positioning of traditional cultural enterprises for the brand will cause the target market to be ambiguous and difficult to retain for consumers impressed, eventually leading to being ignored by the market.

Existing brands are facing aging and the brand's influence is reducing. Even old brands with many years of history also have a life cycle. If it can't follow the market trend to innovate its brand, even the time-honored brands will face such problems as the decline of popularity, market shrinkage and consumer loyalty which ultimately lead to the decline of the brand.

Insufficient drive for brand innovation. Many traditional companies pay attention to technological and management reforms in the new situation, but often ignores brand strategy. There is no professional brand innovation management team, which is one of the reasons leads to problems such as brand positioning deviation and brand crisis.

The competition of emerging brands has weakened the influence of traditional brands. The strong entry of many emerging Internet brands and overseas commercial brands has made the domestic market more fierce, and traditional brands' investment in publicity is not as good as Internet brands, which has led to the decline of cultural brand influence.

#### IV. THE RELATIONSHIP BETWEEN THE INTERNET ECONOMY AND THE DEVELOPMENT OF CULTURAL BRANDS

Even though cultural brands need to face many difficulties in the era of the Internet economy, the Internet economy also brings many new opportunities for the innovation and development of cultural brands. Only by understanding the relationship between the Internet economy and the development of cultural brands can we grasp the opportunities in the Internet era to promote better development of cultural brands.

##### *A. The Internet economy can broaden financing channels and solve the capital dilemma of cultural brands*

In the context of the Internet economy, a new type "Internet financial" model has emerged. Thanks to the growth of big data and e-commerce platforms in recent years, China's Internet finance has developed rapidly. From the perspective of its practitioners, Internet finance not only includes the relevant Internet Enterprises and traditional financial institutions have also participated in it, showing diversified and innovative development. At present, China's Internet finance industry mainly includes Internet payments, P2P lending, crowd funding lending, online funds, internet insurance, and internet consumer finance.

Compared with traditional financing methods, Internet finance have inherent advantages over traditional financial institutions in alleviating corporate information asymmetry, reducing transaction costs, improving financing efficiency,

and de-financial intermediation, which can broaden financing channels for cultural brands. It provides a more efficient way to obtain funds and provides capital guarantee for the development of cultural brands.

##### *B. The Internet economy has brought about innovations in technology, providing guarantees for production technology and service innovation of cultural brands*

The development of the Internet economy has also brought about a technological revolution: the commercialization of 5G, the rise of artificial intelligence, the transformation of blockchain, and so on. And technological innovation has also become an opportunity for cultural brands to break through traditional labor-intensive industries and seek transformation and development. By renovating production technology, re-integrating the industrial chain, reducing production costs and increasing the value chain of original products in order to regain competitiveness in the price market.

Similarly, various Internet service platforms have also facilitated service innovation for cultural brands. Through Internet platforms, companies can easily communicate with consumers and provide services to increase the added value of their products.

##### *C. The Internet economy has changed traditional consumption patterns, driving cultural brands to marketing innovation*

The E-commerce model generated by the Internet economy has completely changed the traditional shopping model of Chinese consumers. Data show that in 2018, China's e-commerce transaction volume reached 31.63 trillion yuan, an increase of 8.5% year-on-year. Among them, goods and services e-commerce transactions Amount of 30.61 trillion yuan, an increase of 14.5%. In the first half of 2019, the online retail sales of physical goods in China still increased by 21.6% year-on-year. The development of e-commerce has made product sales break through the weaknesses of traditional consumption time and space, payment methods and income restrictions. It has subverted the economic laws of traditional cultural industries and brought a wider audience to cultural brands. Cultural brand can make innovation of diversified marketing methods by using the brand of e-commerce, while reducing the cost and expanding the influence of the brand on consumers.

##### *D. The Internet economy has changed the mode of cultural production and injected new vitality into cultural brands*

Cultural production is the starting point of traditional cultural and economic activities, and it is also the core vitality of the network cultural economy. Cultural content production is a special form of production that has evolved from the original expressions such as totem worship, myths and legends, witchcraft, and rituals to the business public. From cultural production to online cultural content production, the driving force of each change comes from the innovation of media technology. While network technology

and digital technology have changed the form of cultural content presentation, they have also brought a new ecological environment for cultural content production. In this ecological environment, consumers are the leading force in the production of cultural content, and the participatory production of all consumers has injected new vitality into the cultural economy. Instant and interactive "DIY" cultural content production activities can not only satisfy the audience's self-expression and achieve the needs of oneself, but can also use the online platform to communicate with cultural and economic operators in real time. These measures can help cultural brands to carry out innovations that conform to the trend of the times while retaining their core values, avoid brand aging, and continue the vitality of brand culture.

*E. The Internet economy has brought new cultural promotion methods and provided more effective ways for the spread of cultural brands*

Compared with traditional marketing, the promotion of online cultural products focuses on "soft" marketing information, interactive marketing communication, and integration of all-media. Marketing activities in the Internet environment are more invisible and "soft": The product or service of entity often needs to get the attention of the audience through the communication of intangible cultural content, cultural feelings, cultural ideas, corporate culture, cultural experience, etc. Marketers do not directly present the value of products or services to consumers, and the value of goods requires consumers to actively discover and then complete the exchange. At the same time, compared with traditional promotion methods, the interactivity of online cultural marketing is its core competitiveness. This is also the most suitable promotion method for cultural brands: making consumers accept and understand the brand's cultural heritage and core values in an invisible way, so that they can "remember" the brand. This will not only expand the brand influence, but also help to spread the excellent Chinese culture.

## V. DEVELOPMENT STRATEGY OF CULTURAL BRAND IN THE INTERNET ECONOMY

The Internet economy and the development of cultural brands have an inseparable relationship. If we want to achieve the innovative development of cultural brands, we must consider how to achieve cross-border integration of cultural brands and the Internet, and to formulate appropriate strategies to achieve good development prospect.

### A. Financing

Through the Internet and other forms, use emerging financial tools and platforms to expand diversified financing channels. For example, online financing methods such as "e-commerce + P2B" lending, rewards and equity crowdfunding, as well as large equipment financing leases, and use of Small amount of funds obtained by private idle capital can be used as innovative financing channels. Using the Internet's financial channels can break the traditional financing

structure, effectively solve the problem of difficult and expensive financing for cultural brands, and provide financial guarantee for the long-term development of all aspects of the enterprise.

### B. Technology and service

Reform production technology and innovate the brand service model of enterprises. Use Internet channels to enhance independent innovation capabilities, increase the technological content of innovation, and guide product development to gradually shift from low standards and low prices to high standards, high quality, and high technology content. For example, artificial intelligence fully automated production lines, dynamic integration of production and logistics chains, etc. At the same time, actively strengthen the brand's service awareness, create innovative service models for traditional brands, and reform the service mode and quality before and after sale, create a unique value chain of the brand with "second product".

### C. Marketing and branding

Establish an online platform for marketing innovation, use new media to spread cultural brands, make full use of the real-time and interactive features of the Internet, and adopt new marketing methods for brand promotion. For example, brand promotion through the current live broadcast mode, and implant soft publicity in the interactive platform, etc. These platforms are not only cheaper than traditional publicity models, but also often receive better results. They are a great way to expand brand influence and spread brand culture.

### D. Brand building

Establish a sense of brand innovation, clarify brand positioning, refine the core value of the brand, and fully tap the outstanding traditional culture with the Internet to realize the renewal and enhancement of brand cultural connotation. Many famous brands in the world are closely linked to their own culture, Samsung, Apple mobile phone trademarks, Nike's logo "swoosh", and Starbucks Siren icon, etc. are all good examples. As a Chinese cultural brand, it is necessary to make full use of its own advantages and use the Internet platform to realize the innovation of brand connotation. Innovations, for example, make use of the platform of "national creation" to make traditional brands keep up with the trend of the times, and to achieve cross-border cooperation and co-branding with various popular brands through Internet channels. At the same time, embed an excellent culture in brand promotion and marketing activities to give the brand cultural connotation, so as to promote the brand, so that consumers can understand the core value of the brand, what means "tell their story to the world."

## VI. CONCLUSION

The development of China's traditional cultural brands in the era of the Internet economy still faces many difficulties and challenges, but the Internet economy also brings many opportunities for cultural brands. Through analysis, we can

see that, driven by the development of the times and the market situation. Cultural brands are bound to rely on the integration with the Internet to gain development opportunities. At the same time, brands themselves need to actively seek innovation and enhance the core value of the brand. In the long-term development, if cultural brands can adapt to the development of the times and formulate their own strategies by grasping the direction of the Internet economy, can not only enhance the market influence of corporate brands and occupy a certain local market, but also lead brands to the world, open up markets, and gain more business opportunities, while also making contributions to the development of traditional Chinese culture.

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