

Why Have Many "Time-Honored Brands" Begun to Take the China-Chic?

Yuxin Dai^{1, a, †, *}, Xingyue Song^{2, †}, Zixin Zhang^{3, †}

¹*School of Psychology, the University of Nottingham, UK*

²*School of Computer Science and Technology, Hunan University, Changsha, Hunan, China*

³*Nanjing-Bond International College, Nanjing, Jiangsu, China*

*Corresponding author. Email: ^alpyyd1@nottingham.ac.uk

[†]Those authors contributed equally.

ABSTRACT

This paper discusses why old domestic brands have stepped onto China-chic, taking domestic culture as the focus of publicity and main selling point. We select and discuss three domestic brands, Anta, Li Ning, and Warrior (*Huili*). From the aspects of policy support, consumption environment, and local brand advantages. Investigating these brands' development and marketing situation in recent years, combining with the current market environment, this paper analyzes why domestic brands go to China chic. We argue that three causes mainly contribute to this China-chic phenomenon, including: 1) policy support, 2) changing in the consumption structure, and 3) transforming strategy of the enterprises.

Keywords: *China-chic, time-honored brands, government support, political economy.*

1. INTRODUCTION

Time-honored brand refers to the brand which shows the creative value of Chinese culture, has the distinct Chinese traditional culture background, inherits the outstanding and unique technology or business characteristics, and wins wide social recognition and good business reputation. Usually, from the establishment to development, time-honored brands have experienced decades or hundreds of years. As a result, they have also been called "living fossils". However, since the 1990s, time-honored brands have been impacted by foreign products or marketing concepts. According to the statistics of the Ministry of Commerce of The People's Republic of China, there are only 1600 time-honored brands left today, accounting for ten percent of China's early time-honored brands. What's more, these brands are decreasing at the rate of five percent yearly. What's more, seventy percent of them can only maintain the production among these brands, twenty percent of them face long-term deficit dilemma, and only ten percent of them are in the profitable state [1]. The loss of time-honored brands will affect the identity of national culture and the development of the Chinese economy. As a result, in 2006, the Ministry of Commerce of The People's Republic of China launched the Revitalization of Time-honored Brands Project [2]. In 2017, the Guiding

opinions on promoting the reform, innovation, and development of time-honored brands [3] were issued jointly with fifteen other departments to support the development of time-honored brands. At present, with the support of the government, time-honored brands have taken the China-Chic line. They follow the trend to make cross-border products, appearing in live broadcasts or registering new media accounts.

This paper focuses on why time-honored brands have begun to take the China-chic line. There have researched the transformation, enterprise innovation, enterprise innovation, marketing other aspects of the time-honored brands. However, time-honored brands and China-Chic style are both called "GuoChao" in Chinese, the existing research does not distinguish the dual meaning of the word, but we have made this distinction. Does this paper summarize the characteristics of the time-honored brand and the China-chic style, finds the relationship between, and make reasonable assumptions why many time-honored brands began to take the China-Chic style to have? This paper chooses sports and drink brands to do the case studies from the policy, communication, business, and other aspects.

In the following paragraph, we give an overview of the research background and find public lacks concepts

on China chic. In the third paragraph, we discuss four factors contributing to the increasing China-Chic style brands: consumers, government support, enterprise self-help, and emotional connections and list the brand cases. In the last paragraph, we argue that consumers' awareness and political supports mostly contribute to the return of China's chin among the four factors.

2. BACKGROUND

Over the past few years, China has seen a surge in young consumers' interest in domestic brands and products that incorporate Chinese traditional style and culture, a trend known as China chic.

Existing articles have reached a consensus on the definition of China chic products. All the interpretations on China chic products are based on this point of view: high-quality China chic products need three key points. The first is to make use of Chinese traditional cultural symbols as resources, that is, to grasp the aesthetic appreciation of Chinese characteristics. The second is the product's design, which can integrate the traditional culture with the current trend to make the product more fashionable. The third is the quality of the product, which is related to the user experience [4].

Under the new consumption trend, "China chic" is more for national brands. The re-building of connotation and the design of external packaging can arouse consumers' sentimental memory and recognition, thus forming a trend.

As for a reason for the rise of China chic, most articles cite younger consumers as an important reason. They refer to some official figures like the consumption big data from CBNDData [5] and show that the "Generation Z" consumers represented by the post-1995 generation have matured and have strong consumption power. They occupy a large share in the consumer market and become the real main body of the whole consumer group, bringing a strong driving force to the China chic.

In regard to the nature of the rise of the China chic, most articles cannot do without the concept of "cultural confidence." "Cultural confidence" has been a central theme of the government's advocacy. With the development of society, the public consumption demand is gradually personalized, the brand is also gradually younger. The rise of the "China chic" movement makes the two things in different fields integrate. The innovation of characteristic products that reflect Chinese culture and emphasize brand personality has become the trend of the current young consumer groups. Behind the "China chic," we can fully feel the young consumer groups' sense of identity and confidence in Chinese culture. Thus, the brand and traditional cultural elements are skillfully combined, resulting in the modern fashion and historical tradition of the new crossover trend of thought [6].

At the same time, objective factors such as the support of government policies, the help of Tmall as the representative of the giant companies, the boom of e-commerce, and the upgrade of the supply chain are also not ignored in most articles. In addition, behind the China chic, this paper holds that the deep-seated reasons for the emergence of China chic are the return and continuation of local consumption consciousness. This point is rarely expressed in most articles. But the article "How can time-honored brands survive gracefully" illustrates this point by citing the example of Japan.

Due to the lack of in-depth research on the essential culture of "China chic", some articles generally compare the national tide with the "American chic" and "Japanese chic. They think China chic is a minority culture of the rebellious and pompous young generation, which moves from the mass convergence to the minority self. The Research Report of the China chic by the Institute of Cultural and Creative Development at Tsinghua University states that it is a narrow understanding of the concept of "China chic" to regard "China chic" as a minority culture in contemporary Chinese culture and practice as a Chinese version of European and American culture. That ignores the uniqueness and universality of Chinese culture [7]. As a trend of Chinese culture, "China chic" has its profound connotation and is closely related to national development and national pursuit.

Nowadays, a batch of domestic new brands has their Internet genes and young people's attributes. They are well aware of the consumption needs of the young generation of consumers and realize the overtaking on corners. They have endless hot styles and maintain the momentum of growth and continue to gallop on the new track. By contrast, the transformation of traditional domestic brands in the face of market changes seems to be tied down. The China Time-honored Brand Development Index released by AliResearch pointed out that one of the major dilemmas faced by traditional brands is that their products are old, lack innovation, and fail to attract young consumers. So these old domestic brands are in urgent need of rebranding. A wave is sweeping the industry. More and more old domestic brands, such as Li Ning and Anta, began to carry out China chic marketing.

3. EVIDENCE & ANALYSIS

Three Chinese domestic sportswear brands were selected for comparison: Li Ning, Anta, and Warrior (Huili). They are typical old domestic brands and have bounced back with the help of China chic. These three brands have three different representative development models, which are considered to explore why the time-honored brands embark on the road of a national trend. We also pick the traditional drinking brand as an example like Beibingyang or Bingfeng. The following paragraphs are organized by evidence from four aspects: the shift in

consumption structure, policy support, enterprise self-help, and sentimental connection.

The popularity of China chic is not driven by a single product, behind which is the comprehensive result of changes in the national cultural mentality and consumption behavior.

Nowadays, the structure of consumption has shifted. According to the typical consumer profile of Chinese brands described by AliResearch, there are three main consumer groups: the young people born after 1995, the middle and high-consumption groups, and the young people in small towns. Consumers pay more attention to quality from price, focus on product functions to the culture and user experience behind the brand, which makes the effect of brand premium gradually weakened. They are willing to spend more money to meet the emotional needs. This allows the spread of China chic, which makes the rise of China chic an inevitable trend for the development of Chinese brands in the context of the new consumer culture. From their point of view, this generation of young people is willing to express their national identity through consumption behavior, find identity labels with the help of China chic, and pay for their interests.

Externally, policy support is the most important reason to elevate the brand building to the height of national strategy [1]. In 2017, the State Council designated May 10 as the "China Brand Day" to "strengthen Chinese design, Chinese manufacturing, and Chinese strength". Since then, giant companies have joined the China chic. In September 2017, Tmall "National Tide Action" project launched the "Day Font Plan" to help the country's time-honored brands explore new retail. In 2019, Tmall launched the "New Domestic Goods Plan" and "New Cultural and Creative Plan", etc. which will blow the wind of the China chic to a wider and more segmented field.

Since the Ministry Of Commerce launched the "Revitalization of the time-honored brand project" in 2016, protection mechanisms, special funds, and innovation platforms have been provided for the time-honored brands by the government. On January 13, 2017, the Ministry Of Commerce Of The People's Republic of China, associated with the other 15 departments, launched Guiding opinions on promoting the reform, innovation, and development of time-honored brands. The opinions mainly cover how to make time-honored brands comply with the new changes of consumption demand and the new trend of "Internet plus". One of the suggestions says, "Support the integration of online and offline development of time-honored brands" and "Guide the docking of the time-honored brand with e-commerce platform, support the establishment of the time-honored brand special zone on the e-commerce platform, focus on publicity and joint promotion". On June 2nd, Beibingyang fizzy drink appeared in the live broadcast

for the first time and sold over 480000 bottles. On June 6th, in the live broadcast of "Beijing consumption season" launched by China Media Group, over 240000 bottles of Beibingyang fizzy drink sold immediately. More than 10 million people watched [8]. These live broadcasts supported by the government provide the platform for time-honored brands like Beibingyang fizzy drink especially. With the official supports, Beibingyang has enlarged its brand awareness and popularized it in the market again.

The rise of domestic brands cannot be separated from the support of the government. Li Ning brand is a professional sports brand established by Li Ning, a famous Chinese male gymnast, in 1990. The Chinese Olympic team first wore Li Ning's clothes at the 1992 Barcelona Olympics. From then on, Chinese athletes did not have to wear only foreign sports clothes to compete. Since then, Li Ning has had an even bigger ambition, "Don't be China's Nike, be the Li Ning of the world." The reason why the brand of Li Ning can quickly enter the public's view is that, first of all, it benefits from Li Ning's identity as the "Prince of Gymnastics". The star benefit can quickly expand its brand influence. In addition, consumers were not familiar with foreign sports brands such as Adidas and Nike, so the domestic Li Ning brand, which did not have many competitors, successfully captured the domestic market [9].

In recent years, the old domestic products themselves generally face the problems of brand aging, lack of innovation, inaccurate positioning, squeezed by foreign brands, etc. Brand transformation is imminent.

Said the time-honored brand transformation, Li Ning was one of the first to recognise the consuming power of the new generation of young people, and it is undoubtedly one of the most successful old Chinese brands in transformation.

2018 is considered to be the first year of the "China chic", which has made an especially successful debut on the world stage. At New York Fashion Week, Li Ning became the first Chinese sportswear brand to make an appearance and made a splash with a tomato scrambled egg hoodie printed with the four-character logo "Li Ning of China". After the fashion week ended, the same shoes and clothes sold out at Tmall's flagship store, especially the "Wudao" sneakers and sweaters with Chinese characters for Li Ning, which have become the fashion standard. As an excellent result of combining traditional Chinese elements and modern clothing, it has successfully occupied a place in the international market [10]. Since then, the concept of "China chic" has slowly grown on somebody starting from clothing to penetrate various fields. No one could have imagined that Li Ning, a brand once despised by China's young people and losing 3 billion yuan for three years in a row, has become a leading fashion brand in China with nearly 2 billion yuan annual profits.

Before 2012, Li Ning firmly sits in the top position of domestic sporting goods. Subsequently, the wave of Internet development in China entered a new stage, which impacted many industries. The brand of Li Ning suffered its first loss since going public, and its development entered a period of decline. From 2012 to 2014, Li Ning suffered from strategic mistakes at the critical moment of industry adjustment. The failure of brand remodeling and the lack of updating and iteration of high-end product positioning resulted in insufficient consumer stickiness, continuous loss of market share, and losses for three consecutive years. In 2015, founder Li Ning returned and made a big change.

To enhance the value of products, it no longer conveys the brand connotation only through marketing advertising and celebrity endorsement but creates the trend itself. The products represent the trend and enhance the product power from two aspects of professionalism and fashion sense. In addition, Lining also created IP "China Li Ning", participated in international fashion weeks many times, and successfully put the brand "China Li Ning" into the hearts of Chinese people and foreigners.

As an excellent result of combining traditional Chinese elements and modern clothing, Li Ning has successfully occupied a place in the international market [11]. Since then, the concept of "China chic" has slowly taken root in people's hearts, starting from clothing to penetrate various fields.

China chic can expand the advantages of domestic brands among local consumers and increase consumers' inclination to choose the brand. Domestic brands have special advantages in local people's minds, such as sentimental and cultural advantages compared with foreign brands. To compete with foreign brands in the market, domestic brands often choose marketing methods to expand their own advantages in this respect. This may be one of the reasons why domestic brands choose the China chic.

Domestic brands have a sentimental connection with local consumers and have more advantages than foreign brands. Brand reputation is closely related to consumers' preferences. Consumers are more inclined to choose brands that are believed to be credible, which is closely related to the brand's public image [12, 13]. When a brand establishes a good global brand image, consumers tend to favor domestic brands more than foreign brands [14, 15]. This may be because Domestic brands have established a certain sense of tradition and history in the long-term development process. Especially for the older generation, established Domestic brands occupy an important place in their memories. The warrior is a good example of this [16]. The warrior used the sense of inheritance as a point of publicity and purchase to win the favor of consumers and got rid of the bankruptcy crisis. In recent years, Warrior's design is closer to the aesthetics of the younger generation, and there has been a lot of propaganda using

feelings as the point of purchase. For Domestic brands like the Warrior, the history of the brand is a great wealth. The trust of the older generation of consumers in the brand accumulated during the development process will be transmitted to the new generation of consumers, which will deepen the trust of consumers in the brand virtually. This is conducive to the development of the brand. It is difficult for foreign brands to gain the trust brought by this interaction among consumers. For example, children may have noticed the brand of shoes worn by their elders when they were young, and when buying, friends or elders will recommend them to brands they trust. In the market with long-term penetration of domestic brands, such word of mouth is like free publicity for brands. For foreign brands, especially those that have just entered the local market, there will be hardly any advantage in this regard.

Understanding of culture is an invisible advantage of Domestic brands compared with foreign brands. When brands show global value, sentimental factors such as consumers' country of origin, local icon value, and home country bias will indirectly affect consumers' preference for brands [17, 18]. When a domestic brand is considered to have local icon value, the brand reputation and purchase possibility will be improved for local people. However, this purchasing tendency is not directly related to the brand product quality. For example, Li Ning and Anta have launched Chinese-style products in recent years, and even Li Ning brought Chinese-style clothing to Paris Fashion Week for display. This seems to express the connection between the brand and the local cultural elements, and the local Chinese consumer has praised this Chinese design. The vast majority of consumers have a positive attitude towards this kind of product showing local culture. It is conceivable that strengthening the link between the brand and the culture is indeed conducive to the brand to win the favor of consumers [19, 20]. Therefore, when domestic brands focus on promoting the connection between their brands and local cultural elements, local consumers' brand recognition may increase, and their goodwill towards the brand will increase. This may have a considerable impact on consumers' preference for the brand.

4. CONCLUSION

National policy support is the main external factor for domestic brands to return to consumers. The preferential policies of the state for domestic brands have reduced the economic pressure on domestic brands and provided opportunities for the development of some old brands with insufficient capital. In addition, the national policy has brought more promotion opportunities for domestic brands, which is a powerful help for domestic brands to return to consumers' sight.

In addition, the return and continuation of consumption consciousness is the internal driving force

of the rise of China chic. Those born and raised in the 1980s, 1990s, and 1995, when the country's economy took off, have strong cultural confidence and are willing to consume brands associated with local culture to seek self-identity. This is the reason for the resurgence of domestic brands and the influencing factor that drives domestic brands to China chic. In another way, brands that cater to consumers' return to the local culture of consumption consciousness will be more likely to favor consumers and thus get more attention. In contrast, brands that cannot satisfy consumers' psychology are naturally eliminated. This is probably also the reason why the old brands are on the path of China chic. Therefore, our major argument in this research is that Time-honored brands have taken the route of China Chic because they are influenced by various factors, including policy support, government orientation, the demand for a consumption environment, and the need to expand their competitive advantages with foreign brands. Under the action of various factors, it has led to the continuous development of China chic. More and more domestic brands have gradually joined the trend of China chic.

REFERENCES

- [1] Analysis of the current situation and problems of Chinese time honored brands. (2021). Where is the way out for Chinese time honored brands? <https://www.maigoo.com/best/7791.html>.
- [2] Qi, Y. L. (2006, April 26). Revitalization of Time-honored Brands Project. http://www.gov.cn/gzdt/2006-04/26/content_266413.htm
- Lin, Q. T. (2017, April 2). Guiding opinions on promoting the reform, innovation and development of time-honored brands. http://www.gov.cn/xinwen/2017-02/04/content_5165335.htm
- [4] The connotation definition and product analysis of "China chic" culture[J]. *Humanities world* , 2020(18), pp. 44-49.
- [5] CBNDData, (2020), This is the China chic territory of the post-1995 generation[R]. , pp.7.
- [6] Research on the strategy of getting rid of the stale and bringing forth the fresh through the old-honored brands—Taking "China chc action" as an example [J]. *China market*, 2021, (04), pp. 118-119.
- [7] China chic Research Report [R]. Institute of Cultural and Creative Development of Tsinghua University, 2020, pp. 16.
- [8] Mia. (2020), Time-honoured brand, how to live gracefully. *Leju of finance and economics*.
- [9] Official account of Sina finance. (2020, December 3). Counter attack of domestic products: Beibingyang, which has been restricted by Pepsi for 15 years, is going to the market!
- [10] View the regeneration of traditional brand from the VIS renewal of Li Ning brand[J]. *Art Education Research*, 2021, (01) , pp. 66-67.
- [11] The connotation definition and product analysis of "China chic" culture[J]. *Humanities world* , 2020(18), pp. 44-49.
- [12] Baek, T.H. Kim, J. and Yu, J.H. (2010), "The differential roles of brand credibility and brand prestige in consumer brand choice", *Psychology and Marketing*, Vol. 27 No. 7, pp. 662-678.
- [13] An, J. Do, D.K.X. Ngo, L.V. and Quan, T.H.M. (2019), "Turning brand credibility into positive word-of-mouth: integrating the signaling and social identity perspectives", *Journal of Brand Management*, Vol. 26 No. 2, pp. 157-175.
- [14] Winit, W. Gregory, G. Cleveland, M. and Verlegh, P. (2014), "Global vs Domestic brands: how home country bias and price differences impact brand evaluations", *International Marketing Review*, Vol. 31 No. 2, pp. 102-128.
- [15] Hampson, D.P. Ma, S. and Wang, Y. (2018), "Perceived financial well-being and its effect on domestic product purchases: an empirical investigation in Brazil", *International Marketing Review*, Vol. 35 No. 6, pp. 914-935.
- [16] Sales volume of Baiqueling increased by 10 times, sales of 130000 pairs of shoes hit the market 2020,(010):P68-70
- [17] Hintch, S. A. (2017). Nike's "Brand Diplomacy" and its Influence on China-US Relations , Doctoral dissertation, The Ohio State University.
- [18] Winit, W. Gregory, G. Cleveland, M. and Verlegh, P. (2014), "Global vs Domestic brands: how home country bias and price differences impact brand evaluations", *International Marketing Review*, Vol. 31 No. 2, pp. 102-128.
- [19] Jan-Benedict E. M. Steenkamp, Rajeev Batra, & Dana L. Alden. (2003). How Perceived Brand Globalness Creates Brand Value. *Journal of International Business Studies*, 34(1), 53–65. <https://doi.org/10.1057/palgrave.jibs.8400002>
- [20] Ayşegül Özsoymer. (2012). The Interplay Between Global and Local Brands: A Closer Look at Perceived Brand Globalness and Local Iconness. *Journal of International Marketing* (East Lansing, Mich.), 20(2), 72-95.