Research on Brand Innovation Strategy and Emotional Marketing of Time-honored Brands Based on Consumers' Nostalgia

Chenyan Tu*

Bayes Business School, City St George's, University of London, London, EC1V 0HB, United Kingdom

*Corresponding author. Email: chenyan.tu@bayes.city.ac.uk

Abstract. Taking MOUTAI as a marketing narrative case, this paper explores how time-honored brands balance the dual paths of nostalgia and innovation in marketing strategies in the escalating consumer market. This paper aims to explore how old brands can effectively use consumers' nostalgia and realize the connection between the remodeling of brand assets and young consumer groups. This paper explores the development dilemma of MOUTAI and its coping mode. The results show that time-honored brands need to innovate on the basis of adhering to cultural authenticity, which provides strategic enlightenment for the rejuvenation of time-honored brands in the theoretical framework.

Keywords: Nostalgia, Time-honored brands, Marketing

1 Introduction

As a kind of consumer goods characterized by cultural inheritance, time-honored brands often take nostalgia as the key factor in emotional marketing. Nostalgia can not only arouse emotional resonance between groups and individuals, improve brand attitude and promote long-term relationship, but also turn into resistance to innovation when authenticity is perceived as threatened, forming the tension of retrogressive nostalgia. The particularity of liquor industry further strengthens this contradiction. On the one hand, the micro-ecology of producing area and high threshold technology shape the scarcity and collection attributes of Jiang-flavour Chinese spirits. On the other hand, the long-term brewing cycle leads to rigid supply, the secondary market premium weakens the transformation of emotional identity, and intergenerational differences and scenes also limit the daily contact of young people.

In this context, this paper chooses MOUTAI as a case, focusing on brand development and marketing practice, and examines how it reconstructs the reach path and maintains cultural authenticity on the dual track of nostalgia and innovation. This paper aims to put forward a set of emotional marketing framework of time-honored brands, which focuses on the coordination between the routine of nostalgic anchoring

P. S. Borah et al. (eds.), *Proceedings of the 2026 6th International Conference on Enterprise Management and Economic Development (ICEMED 2026)*, Advances in Economics, Business and Management Research 394,
https://doi.org/10.2991/978-94-6239-719-4_7

scenes and the availability of channels, clarify its effective boundaries and governance points, and provide operational management enlightenment for liquor industry and wider time-honored brands in the balance between cultural integrity and market rejuvenation.

2 Literature Review

During World War II, many soldiers suffered from various diseases because of the intense pain of leaving their homes. This phenomenon has attracted the attention of the medical community. Scholars have found that this feeling of leaving home will lead to strong nostalgia [1]. With the deepening of research, psychologists and sociologists have proposed that nostalgia is a normal human reaction and a yearning for the past [2]. In 1991, Holbrook and Schindler first defined the concept of nostalgia in the context of marketing, and interpreted it as consumers' preference for specific related experiences.

The application effect of emotional marketing dominated by nostalgia will be varied from different generation mechanisms of consumers' nostalgia. When consumers feel nostalgic because of the changes of the times, it is often easier to resonate strongly with group nostalgia. For example, online communities built by brands may sprout stronger positive feelings, which is more conducive to maintaining the long-term relationship between consumers and brands. However, if nostalgia is led by personal psychological factors, consumers are more likely to realize the perfection and affirmation of their self-identity because of the nostalgic narrative of advertisements, and at the same time enhance their recognition of brand cultural symbols [3], which will further enhance consumers' trust in the brand and affect their consumption decisions.

Some studies have pointed out that consumers will be influenced by both rationality and emotion when making purchase decisions. Therefore, through emotional marketing, enterprises can integrate the mind that can trigger consumers' emotional response and resonance into advertising activities, which is helpful to establish long-term relationship between consumers and brands and enhance brand value [3]. For the time-honored brands with cultural heritage and humanistic feelings as moats, the rational use of consumer nostalgia can consolidate the core value of the brand and enhance consumer contact. Some studies have pointed out that nostalgia aroused by marketing stimulus can greatly improve consumers' attitude towards advertisements and brands, thus improving consumers' purchase intention and brand loyalty [2].

In recent years, many time-honored brands are gradually weakening, and their net profit and market share are declining. Some studies advocate supporting time-honored brands to grow by adopting nostalgia and innovative elements [4][5]. However, the positive and negative emotions coexist in the concept of nostalgia, as in the same factor of the origin [1][3][6]. In recent years, scholars began to put forward the concept of retrogressive nostalgia. Retrograde nostalgia means that some consumers have specific obsession with brands or cultural objects, have their own idealized cultural narrative and are hostile to the innovation made by brands to a certain extent. In Dam et al. (2024), this concept is interpreted as alienation and authenticity threat, that is, brand innovation breaks the brand image constructed by consumers' ideals and has a negative impact on the brand trust mechanism [7]. However, abusing nostalgia and ignoring the insight of new trends in the market and consumers may make it difficult for time-honored brands to open up new customers and fall behind other competitors. Therefore, in the long-term brand management, time-honored brands need to weigh and integrate nostalgic and innovative marketing narratives to develop new market growth points while maintaining the authenticity of brand culture.

3 Case Introduction

Liquor industry has a long history in China, which has been passed down for more than 2,000 years. Through exquisite and harsh brewing techniques, the taste of liquor is rich and unique, which has been recognized by the national level, and has also become an intangible culture recognized by the state and a form of cultural symbols in China [8].

Kweichow Moutai rose in Maotai Town in 1930s. In 1951, in order to stop vicious competition, the local government merged several wineries and established the state-owned MOUTAI Distillery [9]. In 1991, MOUTAI Distillery was officially changed to MOUTAI Company Limited.

After the reform and opening up, Kweichow Moutai and Wuliangye are the most representative cases of strategic competition in the century-old pattern of liquor industry. Wuliangye has built many sub-brands and refined products in the market, taking market share as the primary brand goal, and its popularity and market coverage have been greatly improved in a short period of time. However, it is difficult for Wuliangye to focus on the core products while expanding its brand, which leads to the dilution of its brand value and consumers' lack of awareness and stimulation of brand selling points. During the same period, MOUTAI made the opposite marketing path. Through cultural anchoring, the national social common memory is integrated into the brand narrative as emotional marketing, and the brand's orthodox technology is always adhered to, and it is deeply rooted in high-net-worth consumers. In addition, MOUTAI pays attention to building the core product Feitian MOUTAI, and insists on maintaining the product market positioning by controlling the quotation. Under the long-term upgrading of the consumer market, MOUTAI's guarantee of traditional culture, nostalgic elements and orthodox craftsmanship has built a moat for its emotional anchor point, making the brand constantly exert its strength and occupy an increasing market share [10].

Although MOUTAI has transformed cultural symbols into the first place in the industry through product marketing, the particularity of liquor and the gradual decrease of consumer groups have become the main challenges. MOUTAI's products are positioned in the high-end market, and business is its main use scene. However, the new prohibition of alcohol has had a strong impact on liquor consumption, and the original consumer groups are decreasing and disappearing. Finding new consumer groups and growth points to disperse external risks and seeking long-term brand management have become new marketing narrative challenges for MOUTAI Group.

4 Case Analysis

Porter's Five Forces Framework, as a classical theoretical framework for the analysis of industry competition structure, systematically deconstructs the five dimensions of potential entrants, existing competitors, substitutes, suppliers and buyers to reveal the core driving factors of industry competition intensity and the evolution logic of market structure.

For the liquor industry, there are almost no new entrants in the industry because of its technological limitations, so Kweichow Moutai does not need to face the threat of potential entrants.

The existing competition pattern of Jiang-flavour Chinese spirits industry is characterized by the dominant core producing areas in Guizhou and the differentiated catching-up of brands from other provinces. The competition focuses on the use of scarce resources and the segmentation of consumer groups, forming a differentiated competition path. Guizhou production area with MOUTAI Group as the core relies on the unique microbial community and other geographical elements in Maotai Town to build barriers that are difficult to replicate. At the same time, its brewing technology is listed as a national intangible cultural heritage, bearing profound historical and cultural values, further transforming geographical scarcity into product value scarcity, and making MOUTAI Group occupy an absolute dominant position in the high-end Jiang-flavour Chinese spirits market. Although competitors from other provinces, such as Sichuan, lack the innate geographical advantages of Guizhou's producing areas, they form pressure on market share through differentiation strategies. As Guo Xu et al. (2023) pointed out, such brands focus on the young customers and low-end markets that are not fully covered by MOUTAI Group with the flexibility of local industrial policies [11]. On the one hand, they launch low-grade and light-weight Jiang-flavour Chinese spirits products to lower the drinking threshold of young consumers, and on the other hand, they embed products into non-traditional liquor scenes such as daily dinners and leisure and social activities to avoid direct competition with MOUTAI in key scenarios such as high-end gifting and business entertainment.

In view of the differentiated competition of brands from other provinces, the core response strategy of MOUTAI Group is to build differentiated barriers with verifiable cultural nostalgia, and anchor consumers' nostalgia on verifiable cultural authenticity through ritual marketing scenes such as the Dragon Boat Festival wheat worship ceremony and activities for the transmission of intangible cultural heritage in sorghum harvest season, and through visual storytelling of the brewing craftsmanship, which effectively avoid the risk of retrogressive nostalgia exclusiveness proposed by Dam et al. (2024). That is to say, it overemphasizes tradition and inhibits consumers' acceptance of innovation. This strategy is different from the short-term customer traffic-oriented model of brands in Sichuan, and strengthens the brand emotional loyalty of core users through stable nostalgic symbol output to maintain their competitive advantage in the core market.

The threat of substitutes in liquor industry is mainly reflected in indirect substitution, represented by low-alcohol pre-mixed liquor, non-alcoholic drinks and cross-border fusion products. The core target of these products is young customers who lack the history of liquor consumption. The essence of the threat is scene substitution rather than product substitution. Due to the lack of nostalgic foundation of traditional liquor consumption, young consumers are dominated by low-alcohol pre-mixed liquor and sparkling liquor in daily social scenes with the characteristics of easy drinking and low burden. This kind of scene substitution directly weakens the future growth potential of MOUTAI's traditional core scenes, and if it is not dealt with, it will lead to emotional fracture between the brand and young customers. In response to the threat of substitutes, MOUTAI Group adopts the defensive logic of nostalgic core preservation and formal innovation, breaks through the traditional scene restrictions through cross-border integration, and awakens the brand cognition of young customers. With the increasing preference of a new generation of consumers for low-alcohol and diversified drinks, as well as the market expansion of substitutes such as coffee, tea and functional drinks, MOUTAI launched a sauce-flavored latte with Luckin Coffee and a liquor-heart chocolate with Dove in 2023, creating a new daily consumption scene in a cross-border way [12]. The core strategy of such cross-border products lies in anchoring the nostalgic core and innovative carrier forms. On the one hand, it retains the core nostalgic element of MOUTAI flavor to ensure the recognition of brand symbols; on the other hand, it realizes the daily extension of consumption scenes through the carriers of high-frequency consumption by young customers such as coffee and chocolate, which not only satisfies the young people's curious experience of time-honored brands, but also awakens their potential brand cognition through the sensory stimulation of MOUTAI flavor, thus alleviating the erosion of substitutes on the scene and building an emotional bond between traditional brands and young customers.

The production of liquor is highly dependent on specific raw materials and natural resources. For brewing, it is necessary to use glutinous sorghum with red tassels, which is only suitable for planting in Maotai Town and surrounding mountainous areas that are 800 meters above sea level. The limited yield is greatly affected by seasons and ecological environment. This geographical limitation and yield constraint lead to a long-term shortage of supply and demand of raw materials such as sorghum, which directly affects the production cost and capacity stability of MOUTAI. The contradiction between supply and demand caused by the scarcity of raw materials is further transmitted to the consumer, which leads to a significant premium of MOUTAI core products in the secondary market. Although some consumers have emotional identification with the brand, they have a negative experience because of the difficulty in obtaining products or the high purchase cost, which indirectly weakens the emotional value of the brand.

The bargaining power of buyers in liquor industry presents obvious differentiation characteristics, which mainly stems from different types of buyers. The core users of MOUTAI are mainly high-income groups or business people, and their purchase motives include brand nostalgia and symbolic needs of gift business scenes. This kind of users have extremely low price sensitivity and weak bargaining power, and they are still willing to pay emotional premium for MOUTAI's brand symbol when facing the secondary market premium. The core appeal is product authenticity and purchase convenience. New users are mainly young people, lacking a nostalgic foundation for MOUTAI's brand, and their purchase motives are mostly trying to experience or the demand for mid-range gifts. Such users are highly sensitive to price and purchase convenience, and have moderate bargaining power. If the product price exceeds psychological expectations or the purchase process is complicated, they will turn to brands with higher cost performance.

In view of the differentiation of buyers' bargaining power, MOUTAI Group relies on i MOUTAI digital platform and offline channels to implement precise and hierarchical control. For core users, it will build nostalgic scenes of liquor tasting through offline specialty stores and experience stores, such as explaining non-legacy techniques to deepen core users' emotional recognition of brand culture, and at the same time, it will provide core users with priority to purchase through the targeted delivery function of i MOUTAI platform to meet their convenience needs, further reduce their price sensitivity and consolidate the pattern of weak bargaining power. For new users, the introduction of 100ml mini-packed products will reduce the price of a single bottle to below that of 500 yuan, match the price expectation of new users, simplify the purchase process through the open snap-up mode of i MOUTAI platform, reduce the possibility of new users switching to other brands due to inconvenient purchase, and indirectly reduce their bargaining power [13].

To sum up, the development pressure of MOUTAI Group mainly comes from internal competition in the industry and how to attract new consumer groups. In view of the differentiated catch-up of existing competitors, MOUTAI builds emotional barriers with verifiable cultural authenticity to maintain its core market advantage. Aiming at the threat of scene substitution of substitutes to young customers, the traditional scene limitation is broken through cross-border integration and carrier innovation, and intergenerational emotional connection is constructed. In view of the differentiation of buyers' bargaining power, supply and demand and emotional experience are regulated through hierarchical channel management and control.

5 Conclusion

In this paper, Porter's Five Forces Analysis is embedded in the nostalgic and authentic emotional dimension, and a reasonable and two-dimensional competition description suitable for time-honored brands is constructed. Taking MOUTAI's practice as evidence, the operational framework and implementation criteria are given, which provides a verifiable marketing path for the long-term brand management of high-end scarce products under the background of digitalization and intergenerational transformation.

The research results of this paper show that the essence of liquor industry is the superposition of rational competition led by scarce resources and perceptual competition driven by emotional symbols. Therefore, when making marketing strategy, Kweichow Moutai Company is supposed to balance nostalgic elements and innovative scenes.

Reference

1. Srivastava, E., Sivakumaran, B., Maheswarappa, S. S., & Paul, J. (2022). Nostalgia: A review, propositions, and future research agenda. Journal of Advertising, 52(4), 1–20.
2. Gao Hui & Lu Taihong. (2006). Western consumers nostalgic research statement. Foreign economic and management, (08), 26-33.
3. Sanchez, M. V. G. (2025). Emotional marketing: A review of the use of emotions in advertising and product promotion. Revista JRG de Estudos Acadêmicos, 8(18), e082062.
4. Wen Hao, Li Peiyao, Huang Jixin, Li Zhanglu & Zhang Chenyang. (2024)." How can time-honored brands create new value? A Case Study Based on the Analysis and Evaluation of Intangible Assets of Mayinglong. China Appraisal, (04), 61-71.
5. Zhang Zhiguang, Cao Fan, Wei Wei. (2022). The Influence Mechanism of Consumption Behavior of Time-honored Catering Brands in the Era of Social Media: Based on the "Nostalgia - Innovation" Dual-driven Model. Food Research, 39(3), 26-34.
6. Juhl, J., & Biskas, M. (2023). Nostalgia: An impactful social emotion. Current Opinion in Psychology, 49, 101545.
7. Dam, C., Hartmann, B. J., & Brunk, K. H. (2024). Marketing the past: A literature review and future directions for researching retro, heritage, nostalgia, and vintage. Journal of Marketing Management, 40(9–10), 795–819.
8. Zhang Jian, Fan Qigao, Lu Lunwei, Zhong Min, Cheng Pingyan, Hu Feng. (2022)." A Brief Analysis of the Current Situation and Trend Thoughts of the Development of Sauce-Flavored Baijiu. China Brewing, 41(4), 234-238.
9. Guo Zijian. (2024). Famous Products and the State: The Reshaping and Re-creation of Maotai Liquor in the Early Days of the People's Republic of China (1949-1956). Shi Lin, (5), 27-37 +217.
10. Kweichow Moutai Co., Ltd. (2023). 2023 Annual Report.
11. Guo Xu, Xu Zhikun, Yang Ling. (2023). Research on the Current Situation and Countermeasures of the Development of Guizhou Sauce-Flavored Baijiu Industry. China Brewing, 42(8), 260-265.
12. Reuters. (2023, September 5). China’s luckin sells 5.4 million moutai alcohol-infused lattes in a day. Reuters. https://www.reuters.com/business/retail-consumer/chinas-luckin-sells-54-mln-moutai-alcohol-infused-lattes-day-2023-09-05/
13. Wang Zhentao, Huang Tingxue, Zhang Quan. (2025). Analysis and Suggestions on the Marketing Model of Maotai Town's Sauce-flavored Baijiu Enterprises under the Background of Digital Economy. China Brewing, 44(1), 287-292.