A Brand Culture Approach to Brand Literacy: Consumer Co-Creation and Emerging Chinese Luxury Brands

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This study reveals Chinese consumers’ desire to express deep resonance between Chinese values and aesthetics, and favored indigenous brands, such as Shang Xia, a high-end luxury brand. Findings demonstrate how brand literacy works in an emerging market, as an initial step toward a more developed theory of brand literacy.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/1017838/volumes/v42/NA-42

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ABSTRACT

This study focuses on brand literacy in the emerging market of China. Results reveal Chinese consumer desire to express a deep resonance between Chinese values and aesthetics and a favored brand identity. Chinese brands such as Shanghai Tang and Shang Xia – developed in collaboration with leading European luxury brands – build upon Chinese culture, values, and aesthetics to create distinctive, culturally infused brand identities. At a basic level, culture, which includes aspects of particular histories of meaning, and moments of creative innovation, can be perceived as a resource upon which branding processes and practices can draw. Yet, brand culture refers not to a simple process of applying “culture” to a brand.

Under what conditions may we perceive the many ways in which branding – and brands themselves – go beyond cultural branding, and indeed, co-create culture in relation to consumer processes and practices? One way of thinking about how brands and culture interact draws upon the notion of brand literacy – how well consumers are able to “read,” understand, and engage brands and brand messages. We explore a growing brand literacy among Chinese consumers based upon their perceptions and responses to Shang Xia’s current position in the Chinese market, and reveal how brand literacy is embedded in a cultural context and contributes to brand culture. Compared to extensive research on related, but distinct concepts of media literacy and visual literacy (e.g., Argerinou and Pettersson, 2011; Potter, 2014), brand literacy remains relatively under studied, and not well understood. Given how important brands are in the lives of consumers, this represents an important gap in consumer research knowledge. This study highlights multidimensional aspects of brand literacy and represents an initial step toward a more developed framework in the context of brand culture.

Brand Culture

Although it is widely agreed that cultural resources provide potentially productive areas for brand development (Holt, 2002, 2004; Schroeder, 2009), most marketing scholars have yet to take notice of historical culture’s important role in brand development research. Our research focuses on a Chinese consumer context, deploying a cultural approach and examining particular narratives and potential paths regarding ways in which Chinese brands globalise. The focus on China acknowledges its steady rise as a global economic power, with the role of brand literacy poised to increase within its enormous market.

Brand culture focuses on how brands share and exchange stories, solve problems, and build communities (Schroeder and Salzer-Mörling, 2006). A brand culture approach directs our attention to shifts and changes that occur through repeated interactions between various brand actors across time and space, drawing attention to new knowledge and practices emerging around the co-creation and circulation of brands and cultures. Studies in international marketing and consumer research often overlook the co-creative power of multiple brand actors. Although market conditions, as well as other contexts and situations, may be acknowledged to influence, if not determine, brand meanings, the ways in which brand development contributes to public discourse and other aspects of living culture is underplayed.

That brand meaning is a product of co-creation is not a new concept. Fournier provides a foundation for this approach. She argued that consumers invest brands with particular meanings by consuming them in socially negotiated ways and, further, brands as companions co-create and contribute to life experiences (Fournier, 1998). Indeed, the cultural meanings of brands are often developed by “various authors” as these intersect with popular culture and important stakeholders (Bengtsson and Östberg 2006). Social and ethical negotiation between consumers, managers, and other employees also contribute to the cultural meanings of brands (e.g., Borgerson, 2005; Cova and Dalli, 2009; Holt, 2002, 2004; Schroeder, 2009; Zwick, Bonsu and Darmody, 2008). In sum, brand meanings are not fixed. Aspects of intended meanings – brand identity – might be expressed by text and images in marketing communications and other brand stimuli, however, consumer perception, experience, and aspiration may intervene with unintended meanings – brand image (Keller, 2003). Thus, the cultural knowledge of consumers filters brand communications, as consumers comprehend and sometimes reconstitute meaning into forms that are not fully consistent with brand builders’ intentions (Puntoni, Schroeder and Ritson, 2010; Scott, 1994).

Brand Literacy

It has been suggested, however, that brand authors can understand and reconstitute what would function as relevant brand meanings only if they possess a minimal level of competency or brand literacy, which facilitates the reading and digesting of brand messages (Oswald, 2010). Competency is desirable as it helps determine how authors will conduct themselves vis-à-vis brands in commercial and social situations (Peñaloza and Gilly, 1999). Meaning construction in relation to brands and brand messages operates through flexible socio-cultural codes written by, and decoded between, varied authors whose interpretation of brand messages exerts a powerful effect on brand development and brand success. Market interpreters focus on reading and decoding consumer codes, partially accessed through consumer activities and choices, and through messages relayed by mass media and shareholders (Kates, 2006). This suggests that brand meaning and brand culture include a complex bundle of personal and socio-cultural meanings (e.g., Allen, Fournier and Miller, 2008; Borgerson, et al. 2009; Schroeder, 2009).

Related to consumer learning and expertise (e.g., Hutchinson and Eisenstein, 2008), consumer socialization (e.g., Chaplin and John, 2005; John, 1999), as well as advertising interpretation (e.g., Hirschman and Thompson, 1997), current conceptions of brand literacy draw upon a cultural approach to understanding how consumers “read” brands, and engage with brand meaning and symbolism (cf. Wallendorf, 1993). Brand literacy constitutes “the ability of the consumer to make sense of and compose the signs of a brand culture and to understand the meaning systems that are at play” (Bengtsson and Firat, 2006, p. 377). For example, Bengtsson and Firat argue that highly brand literate consumers contribute to the life and meaning of the brand, and fully participate in the culture of brands, in that they do not merely follow the brand’s cultural meanings, but are able to play with and redefine brands through their co-creative activities (Bengtsson and Firat, 2006).
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Oswald suggests that emerging market consumers travel through several stages of brand literacy, rapidly covering ground that took Western consumers decades to learn (see also Dong and Tian, 2009; Eckhardt and Houston, 2002; Wong and Li, 2014; Zhan and He 2012; Zhao and Belk, 2008). Interesting for our purposes here, Oswald distinguishes between Chinese consumers and Western consumers: “The distinct cultural heritage of consumers in the People’s Republic of China forms a contrast with Western concepts of luxury that is no less dramatic than the contrast between the Chinese and English languages” (Oswald, 2012, p. 133). As Oswald concludes: “The ‘next generation’ of the new rich in China may expect more of their luxury goods than to display their money and success. They expect luxury brands to both express and inform their savior faire, personality, and taste” (Oswald, 2012, p. 135). In the next section, we suggest that Shanghai Tang represents Chinese consumers’ perceptions and interpretations of an emergent hybrid, multi-cultured Chinese lifestyle. Further, a brand culture perspective on brands such as Shanghai Tang and Shang Xia can shed light on how brands interact with cultural history, dialectical images, and the formation of identity.

Setting the Stage: Shanghai Tang

Previous research in this vein focused on Shanghai Tang, a brand that promotes itself as the first and only luxury brand to have emerged from China (Shanghai Tang.com, 2014). Shanghai Tang fuses iconic elements of Chinese culture with stylish fashion for the current globetrotting shopper (Chua and Eccles, 2010). The brand includes a range of goods from wearable and affordable luxury to bespoke tailoring for suits and dresses, all of which convey the image of a modern Chinese lifestyle. The Shanghai Tang brand serves to address an important unanswered question: how do Chinese brands draw upon Chinese aesthetics to build brands, and how do consumers “read” such efforts? One study showed that Shanghai Tang plays a role in ‘the myth of the modern Chinese lifestyle,’ that is, Shanghai Tang provides a set of codes that contemporary cosmopolitan Chinese consumers might embrace or reject in identity construction and maintenance (Zhiyan, Borgerson, and Schroeder, 2013). Consumers found Shanghai Tang’s strategic citation of Chinese features, such as mandarin collars, frog closures, and butterfly buttons, intriguing and involving, and they enjoyed deciphering the complicated symbols in the brand’s designs.

Consumers clearly read the messages implicit in Shanghai Tang’s designs, displaying brand literacy in identifying Chinese cultural symbols deployed by the brand, such as gold ingots which signalled ancient Chinese exchange goods, and elaborate designs that incorporated elements from Confucianism, Imperial Chinese history, and 20th Century socialism (Zhiyan, Borgerson, and Schroeder, 2013). Informant comments about Shanghai Tang products underscore an emphasis on subtlety in Chinese aesthetics: For example, grandness, when it is expressed in Chinese aesthetics, appears in representations of landscape, which exemplifies the harmonious convergence of diverse formal patterns and designs (e.g., Henderson, Cote, Leong, and Schmitt, 2003; Li, Li, and Kambele 2012; Wong and Ahuvia, 1998). In other words, Chinese consumers exhibit a growing and culturally based brand literacy directed toward a Chinese luxury brand, a kind of functional brand literacy that highlights ability to recognize and articulate brand meanings.

Shang Xia

Shang Xia, a Chinese luxury lifestyle brand, has chosen a focused and dense branding strategy around the use of Chinese culture and history, from which Shang Xia draws inspiration and concrete ideas for decoration, detail, and design. At its core, Shang Xia offers low-key luxury products that relate to a shared cultural activity, the tea ceremony (Red Luxury, 2012). From the shapes of early teapots, and the scents, textures, and colors of the tea leaves, to the elegant, slow pace of the practice itself, the tea ceremony offers a deep well of material culture and Chinese aesthetics. Recently, the brand expanded into the European market: “Shang Xia, which aims to revive Chinese crafts that were nearly destroyed by China’s Cultural Revolution, including ancient styles of porcelain, cashmere, felt and furniture, is part of a new generation of Chinese brands elbowing their way into the crowded European luxury goods market” (Wendlandt and Denis, 2013). In this case, the brand maintains a connection to cultural practices, but with a historical fluidity (Bergstrom, 2012).

Shang Xia was established as a joint venture between the Hermès Group and renowned Chinese designer Jiang Qionger in 2008. The Shang Xia brand promises a quiet, simple and harmonious way of life in the midst of harried, shifting contemporary China. Shang (meaning “up” or “top”) and Xia (meaning “down” or “bottom”) reflects a state of harmony achieved through the exchanges between up and down, east and west, past and future, tradition and innovation, urban and nature. Shang Xia has three boutiques designed by Japanese master architect Kengo Kuma. Shanghai’s boutique space opened on the Bund in 2010 and has a futuristic Zen-like setting; Beijing (2012) has a Great Wall theme; and the Paris Shang Xia (2013) is the first shop outside China (Song, 2013). Shang Xia’s product lines include furniture, housewares, accessories and clothing, all of which communicate aesthetic values, attitudes, and practices that radiate out from the Chinese tea ritual. Shang Xia also develops a range of limited edition “cultural objects” every year. It is noteworthy that Shang Xia has thus far refrained from advertising, or participating in fashion shows or other standard marketing activities (Red Luxury, 2012). In an interesting diversion from typical brand promotion, Shang Xia holds two three-week-long showcases, which include live demonstrations exhibiting high quality materials and consistent craftsmanship in its products and cultural objects, with prices ranging from RMB 500 ($80) to upwards of RMB 150,000 ($25,000).

METHOD

The relevant aspects of the Shang Xia case study consist of retail visits and observation, website analysis, and a set of interviews conducted in 2012 and 2013. This paper focuses on the interview data, informed by insights derived from the other sources. Interviews took place in Shanghai and Beijing, and lasted from 60 to 150 minutes. We used a snowball sampling technique to generate a set of interviews with consumers who were engaged and interested in the brand. We interviewed a Shang Xia brand manager and five consumers – two males and three females, who ranged from age 30 to 42 years old. We met and interviewed a Shang Xia brand manager in Shanghai first. During an observational visit, we met a 42-year old female Shang Xia customer and asked if she would be willing to participate in an interview. She introduced us to two more women, and they introduced us to their husbands.

The interviews were conducted in Chinese, and then translated into English by the interviewer, a native Chinese speaker. The interviews were then further translated and interpreted by a native English speaker, who checked the resulting meanings with the original translator. In analyzing our interviews, we discerned several themes that vividly capture aspects of these consumers’ brand literacy in relation to Shang Xia (Spiggle, 1994).
Interviews: Themes of Brand Literacy

We suggest that these themes help reveal creative and co-creative aspects of brand literacy in a context of brand culture.

A Unifying Cultural Thread

A 30-year-old man, who is a hairdresser and works in Beijing, was interviewed at a Beijing coffee shop. After commenting on the high quality of Shang Xia’s products, he said:

Shopping in a Shang Xia store was a unique experience. Its stores were like a gallery of craftsmanship (cashmere felt, eggshell porcelain, silver and crystal necklaces and bracelets, purple sandalwood and bamboo marquetry). In these galleries, splendid simplicity held sway in the extravagant details.

He was quite articulate about the brand message, continuing:

So it “threads” its product lines through a Chinese tea ceremony, rather than a commercial brand structure. As we all know, the tea ceremony was of the highest significance in Chinese hospitality. During the tea ceremony, we often need a nice tea set to serve the tea, a comfortable chair to sit in, a conformable dress, necklace or bracelet to wear, the great scent of sandalwood incense to enjoy. So you know, since Shang Xia’s collection stems from Chinese lifestyle, its collection provided an extended experience of tea to its guests.

In its stores, as soon as a visitor walks in, a shop assistant brings him (her) tea in a small, white porcelain tea cup, and then the assistant acts like a guide and will explain each product’s history and origin. Customized music plays in the background in each store, with a breathtaking video of the Chinese composer Dou Wei giving a performance using different sized Shang Xia porcelain bowls as instruments.

This consumer appreciates subtle aspects of the brand, and demonstrates a keen understanding of the “unifying thread” of Shang Xia’s brand culture. In an advanced stage of brand literacy, he recognizes and espouses the symbols of the brand, and reveals a strong connection between the brand and aspects of emerging contemporary Chinese culture.

Resonance Between Esteemed Cultural and Aesthetic Values and the Brand

Another consumer expressed a resonance between the aesthetics and values of China’s first lady and the Shang Xia brand. A 42-year old woman who works in the Shanghai Drama Art Center was interviewed at a coffee shop in Shanghai. She pointed out that,

I was touched by the outstanding craftsmanship, the simple designs and the fine materials that it [Shang Xia] used. In fact, almost everything Shang Xia offered was of otherworldly beauty. It was called a certain kind of ‘splendid simplicity’. [...] Such simplicity was totally different from a bling-bling or logo brand. [...] Taking this floor-length cashmere felt robe as an example [she pointed to the robe in her bag]; this robe was created with a seamless piece of fabric and a Mongolian yurt-making technique. This completely handcrafted robe was a simple cocoon design where the front lapels fall to the floor in waves – all achieved with no cutting.

After sipping a coffee, she went on: “They [Shang Xia’s products] all looked simple yet graceful, in the mode that Peng Liyuan wore on her first trip overseas as China’s new first lady.” She pointed to a TV screen in the coffee shop, which was reporting that Peng Liyuan had become an instant media sensation in China during first trip abroad as China’s first lady: she had a smile on her face, dressed in a simple black pea coat and carried an elegant unbranded bag. “When I bought this [Shang Xia] coat, for example, it felt like attending a private club; no one knew what it was while its stuff was gorgeous – zitan [a rare wood associated with the imperial Chinese court], eggshell porcelain, and hand-crafted cashmere among other materials sourced from far-flung ateliers around China.”

In these comments, she reveals a “fluency” in Shang Xia’s codes that most Western consumers would not (Oswald, 2012). She represents what Oswald calls the “next generation” of Chinese consumers who associate luxury not necessarily with expense or high quality, but with Confucian values of harmony and simplicity (Oswald, 2012; see also Wong and Ahuvia, 1998; Zhiyan, Borgerson and Schroeder, 2013).

Revaluing Chinese Traditional Craftsmanship and Creativity

A 45-year old French-Chinese art teacher was interviewed at the coffee shop at a Shanghai Hong Kong Plaza Service Apartment. Then, the interviewer accompanied her to Shang Xia’s store in Shanghai Hong Kong Plaza. She is insightful and articulate about the brand’s origins and mission:

It was time we worked together to bring back craftsmanship or keep it going all together. Mass production was not the answer to luxury, but Shang Xia perhaps was. It was simply transferring the three legacies of craftsmanship, creativity and style into a different environment.

She reveals an awareness of a deep cultural connection to Shang Xia:

Both the name and the concept of Shang Xia were fabulous. The word “Shang” meant “top” while “Xia” meant “bottom”. At first, you might feel that the brand was confused or joking. But consider further. You realize that “Shang” (top) often stood for Heaven and the Past while “Xia” (bottom), stood for Earth and the Present. The Heaven and Earth was a very important subject in Chinese culture as both, in balance, could create peace and harmony. [...] I think Shang Xia stands for a balanced and harmonious lifestyle from the social sphere to the private; from the urban to nature. This requires a kind of splendid simplicity. We may feel that the words “Shang” and “Xia” stood perfectly for this concept and no other words could replace them. This is the charm of the topsy-turvy.

At Shang Xia’s store in Shanghai Hong Kong Plaza, she went on to explain why he liked various products, pointing them out within the retail space as she spoke:

In terms of heritage and innovation, the first case that came to mind was this collection [She pointed to the zitan table, which is part of the Da Tian Di collection]. The Da Tian Di collection was inspired by traditional Ming dynasty-style furniture and had smooth, graceful and modern lines. It used a more complex square outline with rounded inner lines, instead of the common rounded outer lines. Then with hundreds of thousands of polishes, a mortise-and-tendon joint was developed by perfectly aligning the round stool with the square back of the chair. Handcrafted zitan wood has the most comfortable and velvety texture.
Not all consumers might make these cultural connections, but for this highly brand literate one, Shang Xia offers a complex constellation of Chinese aesthetics, industry, and meaning. She seems intrigued by heritage and innovation beyond functional attributes or status hierarchy. She exhibits knowledge of what Bengtsson and Firat (2006) call a “brand professional” – willing and able to engage with and fully participate in the brand culture of Shang Xia.

**DISCUSSION**

Our informants described Shang Xia as a Chinese modern lifestyle brand committed to inheriting Chinese traditional culture and rejuvenating Chinese craftsmanship, in part by supporting Chinese artisans from throughout China. This positioning has resulted in a broad category and product range, as well as intensive labor in making the products. Shifting Chinese brands, such as Shanghai Tang and Shang Xia, away from a focus on indiscernible cheap commodities, toward high quality, as well as brand development, provides an opening for new insights from brand culture.

We argue that as Chinese consumers change and Chinese brands develop, the tools of a brand culture approach allow us to discern and capture the growth of brand literacy. Indeed, brand literacy emerges as a key construct with which to understand consumers in emerging markets. In articulating themes of a unifying cultural thread, resonance between esteemed cultural and aesthetic values and the brand, and revaluing Chinese traditional craftsmanship and creativity, our interview subjects revealed a profound sense of brand knowledge and expertise, showing off their brand literacy, rooted in deep knowledge of and appreciation for Chinese aesthetics and Chinese values, as articulated by an emerging Chinese luxury brand. Whereas, Chinese consumers have been perceived to buy luxury products solely to display status and affluence in a hierarchal society, our informants understood, articulated, and were willing to participate in brand culture beyond typical expectations of Chinese consumers. We see not only a functional or creative brand literacy, but also an articulation of the co-creation of brands and cultures, as a brand culture approach would suggest.

The study is limited by a relatively small sample, and a restricted set of brands, in a particular market. Further work will be necessary in other cultural contexts, and with more diverse brands. Despite these limitations, this study contributes to research on emerging markets, branding, and understandings of brand literacy. As an initial step toward rethinking brand literacy, these cases proved useful exemplars of highly symbolic brands, with a strong cultural orientation. Prior analysis of Chinese brand culture suggested that aesthetic values and historical culture inform, and hold out possibilities for, a global as well as local reception of branded products and services. The Shang Xia research further offers a lens through which to observe productive and co-creative aspects of Chinese brand development in the global marketplace, and sheds light on the ways in which a growing brand literacy supports brands and culture in circulating and constructing each other.

We suggest that brand literacy has several aspects as seen through the lens of brand culture, including functional brand literacy, creative brand literacy, and co-creative brand literacy, each expressed in particular cultural contexts. Functional brand literacy consists of the ability to recognize and describe qualities of brands. Creative brand literacy involves pushing beyond what the brand is expressing, creating personal and cultural associations to the brand. Co-creative brand literacy implies engaging and perceiving the brand’s participation in the creation and circulation of brands and cultures. In this way, the brand culture approach helps reveal distinct aspects of brand literacy.

**CONCLUSION**

This study revealed highly brand literate consumers. Brand literacy was shown to have a number of dimensions that emerged from analysis of interview data. Interestingly, notions of media literacy and visual literacy include critical thinking skills and encompass the ability to produce media and visual communication – for example to “create and distribute our own media messages” (Media Literacy Project, 2014), whereas work on brand literacy has yet to embrace an active consumer, managing his or her own brand, or participating in brand communities. In the age of social media, this marks an important omission in our understanding of brand literacy. Furthermore, the role that brand literacy plays in consumer research arenas such as digital environments, emerging markets, and young consumers is somewhat unclear. The consumer interviews reported here reveal that brand literacy is not merely an act of “reading” brands and deciphering brand messages. From a brand culture perspective, brand literacy reveals an active consumer and an active brand, co-creating meanings and culture. This study represents a step toward a more coherent and culturally based theory of brand literacy. Finally, there may be more aspects of brand literacy, including critical brand literacy.

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