

TITLE

The Role of Brand Historicity in Ahistorical China: the Luxury Watches as Double-Storeyed Symbol Signaling System

ABSTRACT

In this paper, the authors discuss the impact of brand historicity on the formation of brand equity through a study on the consumption of luxury watches in China. Swiss watch industries have strongly focused on luxury branding since the mechanical watch technology went obsolete in the 1970s (Glasmeier, 1991). For luxury products, creating stories based on history is the cliché of branding, which people can automatically accept. It gives people the sense of historicity, which makes them feel attached to the time and experiences of the corresponding brand. However, history does not necessarily have a favorable value in the emerging countries. Dislike or indifference could be the dominant attitudes of people. In that case, there is a need to evaluate the effectiveness of the luxury brand strategy, which takes historicity as its core value. The study on Chinese experiences in brand historicity reveals the hidden mechanism behind the luxury-historicity connection, as historicity contains value systems where social and personal values are bound in a very intricate way.

KEY WORDS

Luxury Swiss Watches, Luxury Perception, Historicity, Cultural Capital, Distance to History

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Introduction and Objectives

In this paper, the authors discuss the impact of brand historicity on the formation of brand equity through a study on the consumption of luxury watches in China.

Swiss watch industries have strongly focused on luxury branding since the mechanical watch technology went obsolete in the 1970s (Glasmeier, 1991). Repositioning has been successful as the result of the rising richness in the emerging markets since the 1990s. The demand for luxury watches is high in the emerging markets, especially the China. It is said that Swiss watches increased by approximately 4 times during the period from 1991 to 2011 (Donze, 2014).

For luxury products, creating stories based on history is the cliché of branding, which people would automatically accept. History can be a powerful tool to give authenticity to a brand. It offers people the sense of historicity, which make them feel attached to the time and experiences of the brand. The study on Chinese experiences in brand historicity reveals the hidden mechanism behind the luxury-historicity connection, as historicity contains value systems where social and personal values are bound in a very intricate way.

Although history has been largely accepted in Western countries, the situation may not be the same in China. Firstly, the Cultural Revolution still casts a shadow. Secondly, the strong meritocracy has forced people to focus on achievement and practical things. Thirdly, historical education has lost substance. In the countries where a mass society was formed in the period from 19th to 20th centuries, such as in Europe, America and Japan, history has been used as a tool for the formation of a nation-state, as well as the authorization of emergent hierarchy and cultural capital. Therefore, it has been regarded as a positive element for the formation of brand equity. However, historicity could contain negative meanings, such as colonial rules or authoritarian states in many cases, in emergent nations in the 21st century. The purpose of this study is to clarify the meaning of historicity in transmitting the value of luxury brands.

Research Question

The research question in this paper is as follows.

“Is the luxury brand strategy, which takes historicity as its core value, really effective in China?”

Consequently, the authors work on the following sub-questions:

1. "How is the luxury brand which stresses the historicity evaluated?"
2. "What is the difference between the brands which stress the historicity and those which do not? Why?"
3. "Is there a difference between the users and non-users of the luxury brand in their evaluation? Why?"

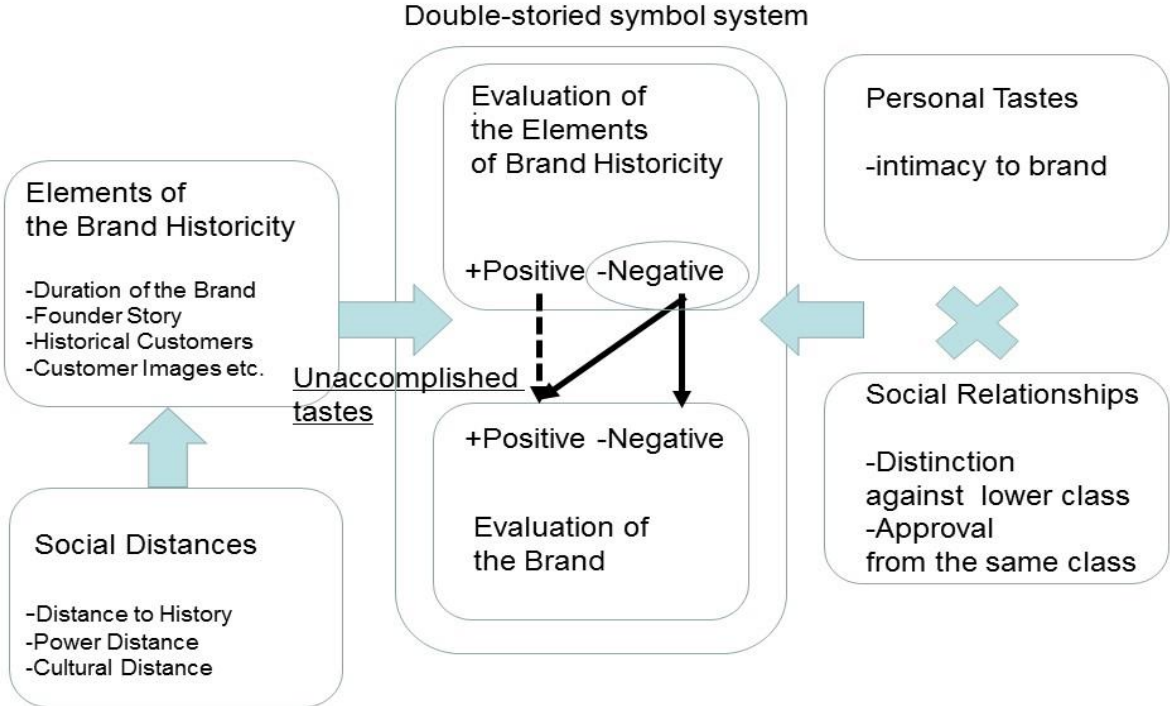
Conceptual Framework/Literature Review/Research Model

Luxury world is the world where watches inhabit. The first value of luxury products is that it stimulates an external motivation in the society, to impress other people from other worlds (Veblen, 1899; Berry, 1994; Vigneron and Johnson, 1994 and 2004). Consumers have a strong

motivation to make their social image look better through their belongings. Its second value is that it stirs up an internal motivation of consumers to be appreciated in other worlds. In consequence, hedonist and perfectionist factors(Vigneron and Johnson, 1999 and 2004) need to be considered. Vigneron, Johnson (2004), Wiedmann, Hennings and Siebels (2007) et al. included four factors for the value of luxury brands, namely financial, functional, individual and social factors.

In this study, we focus on the historicity of brands, and examine how historical elements and brands are evaluated, respectively. What do they do to avoid the contradiction between the two evaluations? According to Zhu (2006) who examined the consumption of Chinese luxury goods based on the study of Vigneron, Chinese consumers put more weight on social relationships rather than personal tastes. He stated that China is strongly influenced by Confucianism that attaches great importance to "harmony that consists of the society". We would like center on the conflicting personal and social evaluations by focusing on the brand historicity.

Figure 1: Conceptual Framework



(1) Brand Historicity

Stories are often used for brand equity. The subjects of such stories vary, though historical elements are often used as the subjects of luxury brands. To be specific, historical elements are utilized to convey luxurious values in various ways and contexts, such as long tradition, founders and stories at the time of establishment, famous customers in the history, relation

with the tradition and the current users. Why are historical elements able to convey luxurious values?

The concept of authenticity has been argued about in the relevant fields, such as the fields of tourism and classical music. This concept was created in an attempt to regain the real and true values by recapturing the background of the objects whose real values had become impossible to be transmitted since the resulted in dysfunction in the process of history. The scale of brand authenticity has been devised in the field of marketing and continuity (Bruhn, 2012; Napoli et al., 2014) Consistency and originality have been emphasized for it.

Historicity is closely related to continuity (Morhart et al., 2014). Sociologists and library scientists have discussed the background, in which authenticity and historicity came to be regarded as important factors in connection with the postmodern thought (Thomas, 2006; Baudrillard, 1988). In Europe and America, modernization has progressed as a process to cut off the connection between history and modern ages. History has been ossified through the liberation from the authority and social position system in absolute monarchies and the opening of religions and values in Christianity. It has only become a simple aggregate of plural facts. With the economic growth, the freed people have become wealthy. Nevertheless, historicity is not well emphasized. When the growth stops, people would ask themselves where they are going in self-reflection. In this sense, both historicity and luxury can be regarded as an action of self-reflection. The people who have lost stories would begin to look for a meaning that becomes a base of a culture. It is a journey to discover historicity for some people, and pursue luxury for others.

(2) Social Distances

Since historicity is to capture the past in connection with the present as well as future and provide its meaning, it is greatly influenced by personal sense of values. The attitudes toward history are formed historically. Hence, they greatly differ in different countries. During the process of modernization, a number of countries have experienced the democratization accompanied with the collapse of the past systems through revolution, war, and invasion etc. It is suggested that the attitudes toward history are closely linked with those toward authority and other countries. We investigated how the attitudes toward historicity are influenced by the three factors, namely distance to history, power distance and distance to foreign cultures (Hofstede, 1986).

(3) Personal Tastes/Social Relationships

New institutional theory in sociology has captured the dynamics with which ranks are formed based on the cultural capital in Europe and the U.S where class system have collapsed, in addition to the ranks that mainly have difference in wealthy degrees. Cultural capital is one of the technical terms in sociology proposed by Pierre Bourdieu, a French sociologist. It indicates personal properties, such as educational background and cultural quality, except those obtained with money (Peter Gay, 1999; Bourdieu, 1984; Paul DiMaggio, 1982). Taste and preference for arts and luxury products satisfy the desire to be attributed to the membership group and the demand for the differentiation from the non-membership group.

Based on the studies on the art taste in the 19th century, the new-rich people acted as patrons of art and differentiated themselves from the emergent newer-rich people in the period when the economy was growing. According to the studies made by Bourdieu in the 20th century, the cultural capital structured for rank difference cannot be changed. Luxury watches have become an accessible target for the middle class in China, which has been developing rapidly in recent years. Wealthy people have got a strong motivation to distinguish themselves from the middle class. In this case, cultural capital is suitable for them to distinguish themselves from the consumers in the middle class who can neither deeply contact historicity with luxury products nor understood the knowledge and stories of brands.

Method

This study mainly consists of the following three steps.

Step 1: Review of the investigations on consumers (nonusers) in relation to the "historicity" of the European and luxury watches.

Step 2: In-depth interview with the luxury watch users.

Step 3: Conceptualization and structuring on the basis of the interview results.

Step 1

Most luxury Swiss watches have long histories. Their traditions are more or less used for brand communication. However, there is a difference in the emphasis of historicity.

-Selection of watch brands for comparison

Firstly, the authors confirmed how the watch market is categorized in the Chinese market. In China, a number of evaluation sites on the web provide powerful reference frames for the brand choice of consumers. Above all, the categories in Wbiao.cn, which has the strongest influence, were employed. In Wbiao.cn, watches are classified into the following five categories, namely top class luxury (Vacheron Constantin etc.), luxury (Rolex, Omega, and Carter etc.), light luxury (Longines, and Tissot etc.), fashion brand (Tiffany, and DKNY etc.) and domestic/smart watch (HUAWEI, and Sea-Gull etc.). We examined the contents of the advertisement of the brands in each category, and found that historical factors are explicitly used by the brands on the top class luxury category. We further compared the contents of each brand in the above category. We extracted the two different approaches to the brand historicity. We picked up two brands (Brand A and Brand B) in which the two approaches are expressed straightforwardly. In the advertisement of Brand A, family tie is stressed to convey the value of tradition/continuity. The advertisement of Brand B directory uses the image of historically famous person, Napoleon to stress the distinguished historicity. The watches of both brands cost about 300,000 Chinese yuan.

-Selection of people for the interview

A one-hour preliminary interview was conducted with 18 young people who were

non-users of two brands in the top class luxury category. The advertisement of the two brands were shown to the interviewers at the time of the interviews. Semi-structured questions were adopted, based on the factors obtained from the precedent studies on the attitudes toward history.

Step 2

For the same brands, an average of three hours in-depth interviews were conducted with 8 wealthy Chinese consumers who are in their 40's. Firstly, we asked them if they knew Brands A and B, as well as their purchase intentions. Secondly, we asked the reasons why they show a strong or weak intention to purchase the brands. Similarly, semi-structured questions were asked. Since the wealthy people have experiences of purchasing brands in the top class luxury category, we asked for their opinion about the viewpoints that were not structured.

FIGURE2
Elements of Brand Historicity in Advertisement



Brand A

In the brand A advertisement, the family tie is stressed to convey the value of the tradition/continuity.



Brand B

In the brand B advertisement, the image of the historically famous customer of the brand, Napoleon, is used to stress the historicity of the brand.

Step 3

The reactions of users and non-users to the semi-structured question items for evaluations and their attitudes toward history were recorded. The reasons for users' brand choice were obtained. Their factors were analyzed, structured and conceptualized.

Findings

Step 1: Among the 18 non-users for the interview, 15 selected Brand A, and 3 chose Brand B. It was clarified that those who selected Brand A did not highly acclaim historicity. The evaluations were made on the attitudes toward history, power distance, cultural proxy and

favorability of the history in other worlds. Among those who chose Brand A the answers to the semi-structured questions about the evaluation of the historicity were generally negative or neutral. More specifically, the old history of the brand was not highly acclaimed, and their evaluation on its historical characters was strongly negative. They said, "I was forced to study histories at school regardless of my interest, so I hate the history itself". "It is not interesting at all, and is useless in my life." Moreover, there seemed to be a certain cultural distance. Although they were not interested in history in general, they were proud of the history of their country. They were totally not interested in the history of other countries. The authors asked the non-users who chose Brand B for their reasons, and found that they did not necessarily favor the factors of the historicity of Brand B. The result is similar to that of those who chose Brand A. The reason why they highly acclaimed Brand B lies in the influence from their parents. Their parents belong to the wealthy class. Therefore, they acclaimed Brand B. It has been suggested that the preference for a brand are greatly influenced by parents.

Step 2: The results of the interview with the users of top luxury watches reveal that all eight subjects selected Brand B. Curiously they did not highly acclaim historicity. As for power distance, wealthy people are able to obtain various things with money. For this reason, their perception of the distance from power is relatively small. Nevertheless, they cannot obtain political power, even if they wish. Given this, the admiration and desire for political power are easily reflected by the historical authority that exercised a strong power. Their cultural distance is almost equal to that of the middle class. The subjects do not have a sense of closeness to cultures. Their distance to history is slightly different from that of the middle class. Unlike the middle-class people who consider history to be negative obviously, the wealthy people in China do not like and dislike historicity. As a result, most of them are "disinterested" in histories. Although they have deep knowledge about the history of brands and that of Europe used by brands, they do not consider them to be positive. In other words, "historicity" is evaluated equally by users and non-users, though it is reversed in the actual buying intention. In other words, the negative attitude of non-users toward "history" is connected directly with the negative evaluation about the historicity of brands. Meanwhile, wealthy people, who are the users of luxury watches, have a negative attitude toward "historicity", even though their buying intention is high. This is a surprising result.

Step 3: Reasons for the brand choice of wealthy people in China.

Why do wealthy people in China choose brands that emphasize "historicity" though they do not necessarily acclaim historicity? We focused on this point, and arranged the contents obtained from the free answers. As a result, two factors, namely "differentiation from the middle class" and "reinforcement of the society network" were extracted.

-Differentiation from the middle class

Among the luxury brands, Brand A, whose advertisement use mild expression of tradition/succession, is well accepted by the middle class. One of the subjects in the wealthy class answered, "I would have definitely chosen Brand A if it were several years ago, but now

I choose Brand B without hesitation. When I walk in the town thinking that I am wearing a brand-name product with historicity that middle class do not understand, I naturally feel superior."

-Reinforcement of the society network

Since watches are luxury items that easily stand out, they have a role of representing the social status of users when they attend a social event. One of the subjects answered, "For us, we have belonged to this social group for many years. It is no longer necessary to exhibit and prove our ability relying on brand ranking. We strongly wish to be differentiated from young new comers. If we choose the brand that everybody knows, we'll be laughed at by the old colleagues." This feeling can be more enhanced regarding gifts. A subject replied, "It is common to send luxury goods as a gift that represents good faith for business tie-up or backroom. People often make safe, passable choice in such a case. However, we would choose more exclusive brands to express more good faith." In other words, their motivation to differentiate from the middle class is strong for personal use in daily life, while their motivation to reinforce the society network works for the purpose of social events. In the case of gifts, historicity is treated as a "tool to send scarce goods." It has been clarified that historicity is not respected.

Discussion

In China, "historicity" is a multi-storied symbol system. Firstly, meaning for the historicity differs between rich and middle class people. Rich people find it positive, middle class negative. The phenomenon that "cultural capital" was used for the distinction of the cultural contents was observed in the West during the period from the 19th to 20th century. In the 21 century China, the Bourdieu's theory still applies in that the rich and middle class people find the different symbol systems in the luxury watch consumption.

Secondly, however, the historicity has double-storied meanings for the rich. It works differently at the social and personal levels. At the social level it is favorable as the rich can distinguish themselves from middle class. But at the personal level, they do not appreciate historicity just like the middle class people. The reason why the wealthy class people select the brands with historicity is that historicity is considered negative by the middle class rather than that they highly acclaim it. So the rich people are put in the double-bind situation in the Bateson's way. They like the historicity which they do not like.

Understanding the structure of the brand in China is, therefore, much more complicated than in Western countries. We have found that the social distances are deeply related with the structure of the symbol systems. Hofstede (1986) focused on power distance in an international comparison study on value system. Under the condition that countries have not been democratized like in the West, the authority cannot be easily acquired. In addition, the distances to the authority are greatly different among the classes in China. For the middle class, political power is too far, whereas the rich people might feel a bit closer to it. No matter how many efforts people make, they would never be able to obtain the authority.

The implication for the brand management is suggestive. The users of the luxury brands

find the historicity positive not because of the affective reasons but from the effective reasons. They are not at all emotionally attached to the brand. In that case, it is very difficult to build the brand royalty at the affective level. Additional efforts would have to be made to cover the weakness of the brand equity.

Our discovery about "historicity" in the China suggests the paradigm of brand equity in non Western world. For the countries which have experienced the era of the colonial government and the later long-term dictatorial regime, the value of "historicity" is different from that for the advanced countries. In the countries where citizens do not wish to respect history, a deep consideration will be needed both practically and ethically for the types of brand equity that should be appealed for.

Conclusion

The authors drew the following conclusions in this study.

- 1 In China, both the middle-class and wealthy people have negative evaluations on and attitudes toward historicity.
- 2 Among the middle class, the understanding and knowledge of "historicity" are undeveloped.
- 3 The wealthy people in China not only understand and know about historicity, but also recognize it as a cultural capital.
- 4 The wealthy people in China regard historicity as a cultural capital and a tool for the differentiation from the middle class.
- 5 The wealthy people in China attach importance to historicity for the purpose of reinforcing the society network among them.
- 6 Historicity has become a new power source, as a culture capital for the wealthy people in China.

Limitation

Since the aim of this study was to conduct an exploratory investigation on historicity, which is a new concept, a qualitative investigation was made. As the interview with wealthy people targeted only high-income earners, it was difficult to carry out sampling. Moreover, it is usually impossible to elicit a cooperation with such people. In view of this, the authors performed a snowball sampling using their personal network. On the one hand, this is an advantage. On the other hand, it is also a limitation of this study. It is desirable to conduct a same study in other countries for a competitive review. Additionally, it is necessary to try various approaches, so that wealthy people can open their mind to the same level as those in this study and frankly disclose their personal sense of values.

Further Researches

Further studies should be made in two directions. Firstly, as concluded by the authors, it is necessary to verify whether the findings obtained in this study can be applied to the industries other than the watch industry. Since watches are easily used as a tool for appealing for the authority, it is uncertain whether a similar mechanism works for other products. It is worth

making an in-depth study on consumer goods such as food and tea as similar targets. Secondly, it is necessary to verify the conclusions drawn by the authors in other countries. According to the frame proposed by Hofstede and the comparison between Europe and America, items such as power distance are similar in Japan and China. However, it is expected that the attitudes toward "historicity" might be totally different. What is more, the distance to authority recognized by distinct hierarchies should be different in the rising nations in Asia, and it will be important to study and clarify how they can be coupled with the value of brands.

Managerial Implications

The emphasis on "historicity" may eventually lead to the brand choice of wealthy people. Nonetheless, the brand companies in China need to deepen their understanding of the ironical structure. It is possibly because that "historicity" is not admired. Firstly, considering the reason why "historicity" has eventually become a selection criterion and functioned as an exclusive cultural assets in other worlds, it might be practically possible to combine with other measures to emphasize exclusiveness. For example, the "limited edition" based on the historical fact might be one possible measure. Secondly, an attempt to build a relationship with the customers whose emotions toward "historicity" is actually unfavorable might not only be ethically selfish and arrogant, but also might practically cause unexpected backlash.

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