

# What Do Affluent Chinese Consumers Want?

## A Semiotic Approach to Building Brand Literacy in Developing Markets<sup>1</sup>

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### Keywords

Luxury consumption; advertising; global branding; China; luxury; semiotics; brand literacy; affluent consumers; brand equity

### Overview

In this chapter, I examine the limitations of Western luxury advertising to engage affluent consumers in the People's Republic of China. I base my approach on a theory of brand literacy drawn from a theory of language acquisition. I illustrate how semiotics, a social science discipline devoted to the study of signs and meanings in cultural perspective, can be used to identify the cultural tensions between consumers and brands in emerging markets and provide direction for correcting the problem. In the following sections, I review the basics of brand equity, illustrate the role of marketing communication for brand strategy, and outline some of the challenges facing Western companies as they target consumers in developing consumer societies such as China. I then present a case in which marketing semiotics research in Shanghai exposed differences between the ways Chinese and European consumers perceive luxury and luxury advertising.

### 1.1 Brand Equity

Brands are sign systems that form the identity of specific products or services and distinguish them from other brands in a product category. This, the semiotic function of brands, defines the strategic management process. Managers develop the brand positioning by laying claim to a distinctive semantic territory carved out of the broad field of meanings consumers associate with a product category. They reinforce these associations in consumers' minds by representing them consistently in specific words, stories, and images in advertising. For example, Coke and Pepsi both belong to the carbonated cola beverage category, but they each claim different semantic territories. Coke's positioning as "the real thing" speaks to the brand's authenticity, consistency, and tradition. By contrast, Pepsi, "for the new generation," is positioned as a trendy, young, and evolving brand. Brands succeed or fail in direct proportion to the strength and clarity of these positionings in consumers' minds.

The range, consistency, and force of the meanings consumers associate with brands over time contribute measurable value to brands - their brand equity. Brand equity defines an intangible asset on the company's annual report, but has tangible strategic value for the firm. For example, in 2010 the Interbrand

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<sup>1</sup> This paper forms chapter 8 in *Marketing Management: A Cultural Perspective*, Lisa Peñaloza, Nil Toulouse, Luca M. Visconti, New York: Routledge Press.

Group valued the Coca Cola brand – the meanings consumers associate with the name and logo - at over \$70 billion (Foster 2010).

Simply put, the semiotic value of the name, logo, and other proprietary signs consumers associate with the brand is fundamental to brand equity, not just a value-added. The semiotic value transcends the functional, “use value” of goods and contributes substantially to the bottom line of companies. Brands draw higher prices, higher profit margins, and stronger customer loyalty than generic products because they appeal to the unsatisfied emotional needs of consumers.

### **1.1.1 Consumer Needs and Wants**

Consumers draw upon the semiotic resources of brands when they use name brands to build self-confidence, extend their personal identity (Belk 1988), or use brands to enhance their self-presentations (Goffman 1956). Consider the weekend athlete who is motivated to perform by wearing Nike sportswear, inspired by the brand message - “Just Do It!” Consumers may also use brands to mark their identification with social groups and subcultures. Consumers immigrating to the United States, for instance, may choose iconic American brands to blend into their new culture, though they may resort to familiar ethnic traditions to feel the comfort of the homelands they left behind (Peñaloza 1994; Oswald 1999).

### **1.1.2 The Brand Equity Hierarchy**

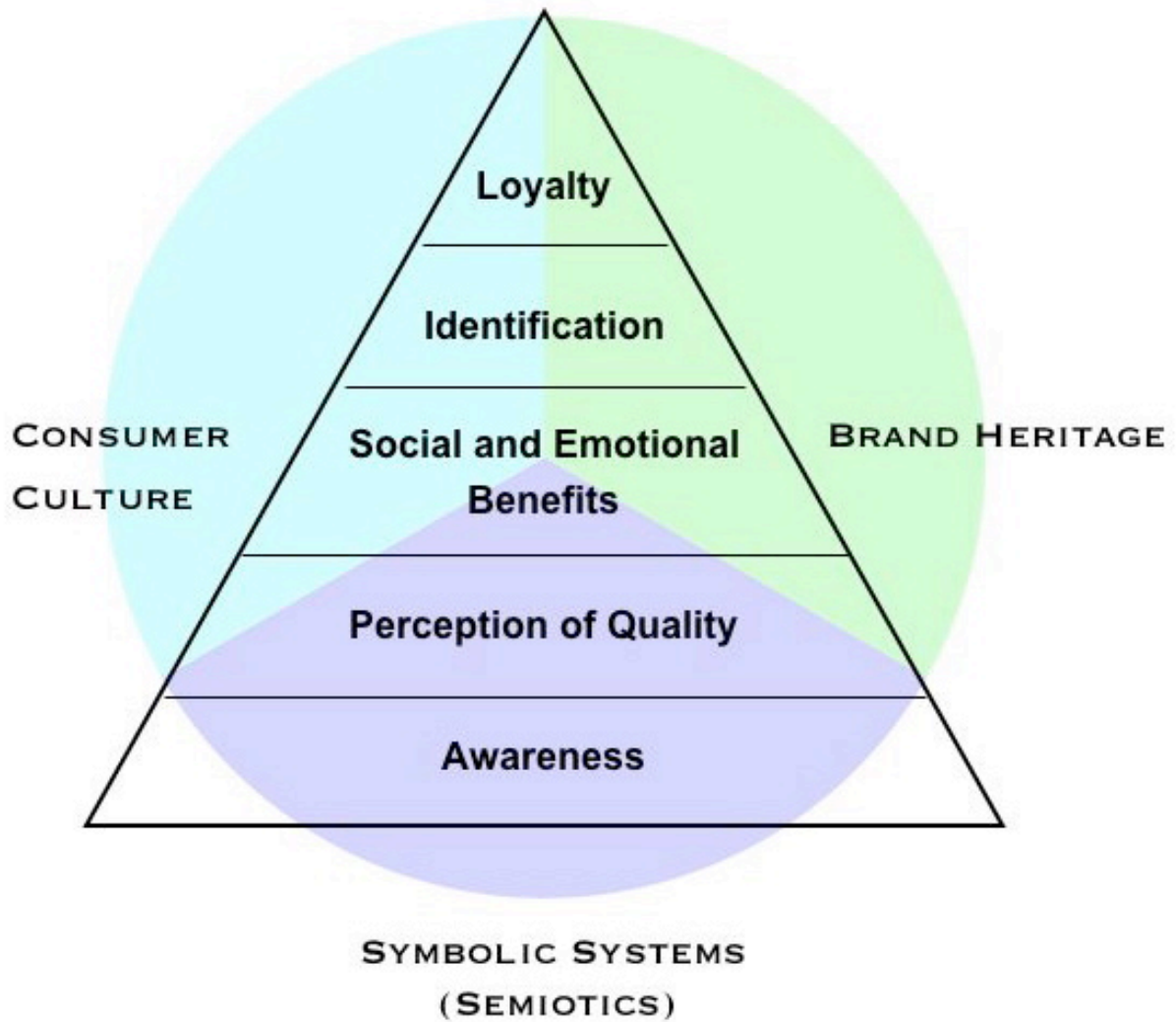
Consumers develop brand perceptions in stages, beginning with the very general, cognitive awareness of a brand name or logo, to very specific, emotional brand relationships based on repeated experiences with the brand (Aaker 1991, Aaker 1997, Fournier 1998). This process forms a kind of Brand Equity Hierarchy consisting of five stages, including:

1. Awareness.
2. Perception of quality.
3. Recognition of emotional and social benefits associated with the brand.
4. Identification with the brand persona.
5. Loyalty, when consumers experience a personal relationship with their brands.

Brand value increases as consumers move up the hierarchy and become increasingly engaged in the brand world. Awareness is the most rudimentary measure of a brand’s value, and defines the ability of consumers to recall the brand’s name, whether they have used the brand or even know what the brand stands for. The perception of quality refers to the brand’s reputation for using good materials, working properly, or delivering good service. As consumers begin to know the brand because of repeated exposure to advertising or the product itself, they gain an appreciation of what the brand stands for – is it timeless and traditional, or trendy and changing? They may even be able to personify the brand, giving it human personality traits.

Though brand characters such as Tony the Tiger or the Mr. Clean may facilitate brand personification, repeated association of the brand with events and characters that consumers relate to, such as Coke’s association with Santa Claus, contributes to the brand personality. The brand personality stage is critical to the final stage, brand loyalty, inasmuch as the relationship is based upon finding an emotional connection to the brand that parallels a human relationship. At this stage, consumers form a kind of personal stable of brands that they choose consistently over competitors. Their stable of brands may include a range of personal relationships from intimate to formal (Fournier 1998).

**Figure 1.1 The Brand Equity Hierarchy**



### **1.1.3 The Challenge of Global Branding**

At each stage of the brand hierarchy, brand meaning relies increasingly on matching the brand heritage to the social and cultural contexts of the marketing event and communicating the brand message in signs and symbols that consumers can relate to. In order to move consumers up the hierarchy, from logo recognition toward personal engagement, brand strategy must be focused on calibrating brand meanings to the evolving culture of the target market and the changing needs, wants and identity projects of consumers. This process is particularly important for global branding strategies in developing markets.

As sign systems, brands face the same tensions in foreign markets as tourists who do not speak the local language. For example, in non-Christian cultures, how do consumers interpret Santa Claus? Do Arab consumers compare the Mr. Clean genie to the *jinn*s from Arabic folklore? Such cultural differences are likely to create ambiguity and even barriers to brand acceptance abroad, particularly in developing consumer societies where brand culture may be an emerging phenomenon. To succeed in the global marketplace, managers must adapt the brand message, not just the language, to the local culture - without

losing the core brand identity in the process. Translating brands from one culture to the next may be as simple as changing the cultural references in a print ad or as complex as creating a new communications strategy built upon new media, special events, and/or educational forums.

## **1.2 Case Study: What Do Affluent Chinese Consumers Want?**

In this section I review the design and implementation of a semiotics research project in China with affluent consumers. I have chosen a semiotics methodology to solve a marketing problem because semiotics research bridges the social sciences and communication theory, connecting the dots between consumer insights and brand communication. Semiotics, sometimes called, “the science of signs,” extends linguistic theory to non-verbal media such as the images, myths, and archetypes that abound in popular culture. Unlike classical rhetoric, semiotics embeds the study of signs in the cultural context, explaining the meaning of myth and archetype in terms of the history and ideology of the consumer setting.

Furthermore, semiotics extends the work of anthropologists by identifying the underlying codes, patterns and figures structuring the categories of culture, and articulating the meaning of consumer behavior as a kind of language or sign system. By identifying the “language” structuring a consumer setting, product category, or advertising campaign, management can track the consistency of brand communication over time and its relevance for consumers in foreign markets. In addition, semiotics can be used to adjust brand communication to a local setting, to “translate,” as it were, the brand system into the terms appropriate for a specific market.

### **1.2.1 Background**

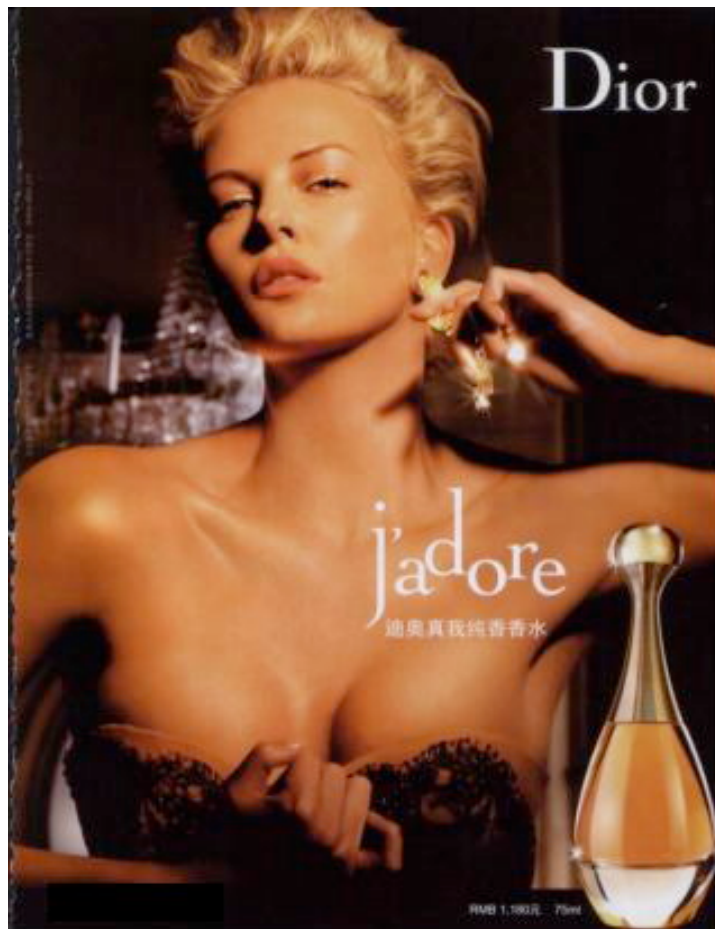
Newly rich consumers in cities like Beijing or Shanghai have contributed to the double-digit growth of the European luxury sector in the past decade, and economists project that China will surpass Japan in the next decade as the leader in the consumption of luxury goods, or 29% of the world consumption pie (Eurostat Report 2003, USDA Reports 2006). Though the financial data on luxury consumption in China is straightforward, we propose looking beyond the numbers to understand the factors motivating brand choice, the unmet emotional needs and wants of consumers, and the influence of Chinese history and culture on their perception of luxury and luxury brands.

As mentioned earlier, the emotional and cultural dimensions of a category tend to influence long-term brand loyalty, so this information could have important implications for management over the long term. Brand relationships, like interpersonal relationships, develop and grow based on identification with some aspect of the story, personality, and cultural context associated with the brand in marketing communication. If Western companies speak to consumers in China without changing the tone, style, and even strategy of their brand communication, it is very likely that they will create barriers to forming lasting relationships between their brands and local consumers.

Luxury manufacturers from Europe such as Louis Vuitton, Armani, Chanel, and Dior, generally employ the same communications strategy and even the same ads in China as they do in Western markets. They may take for granted the universal appeal of brand symbols and stories, and target consumers in China without a clear understanding of the cultural frames that shape consumer perceptions of luxury and luxury brands. They pin their communications strategy on the traditional, single image magazine ad, use European models for the most part, and evoke an interpretation of luxury that cues into Western values for ostentation, individuality, and fantasy.

Findings from consumer research in Shanghai suggest that affluent consumers in China may purchase famous luxury brands for their basic recognition factor, may not engage with brands on a personal, emotional level, and therefore may blur distinctions among luxury brands in the marketplace.

**Figure 1.2 Dior in Elle Magazine, China**



### **1.2.2 Study Design**

With the help of Chinese interpreters, I conducted on-site ethnographic research with sixteen affluent consumers in Shanghai between 2007 and 2001. The first phase, conducted in June 2007, was exploratory and included both consumers and professionals in the luxury industry, including fashion and interior designers and fashion editors. The second phase included only consumers and focused more on luxury brands and advertising. The study was limited to research on European fashion categories, from leather goods to couture, watches, and cosmetics. Consumers discussed their own experiences of luxury, their understanding of Chinese luxury traditions, their perception of European brands, and their interpretation of brand communication in magazine advertisements for global brands such as Louis Vuitton, Dior, and Patek Philippe. In this discussion, I will focus on a section of the study devoted to eliciting emotional responses to the question, “What is luxury?” and “What does this brand stand for?”

### **1.2.3 Findings Summary**

Early stage findings suggest that Chinese consumers stop short of identifying the emotional associations that distinguish luxury brands from each other and as a result, often lack a visceral, personal connection to the brands they purchase. Since brand value on the marketplace is founded on nothing less than the personal and emotional associations consumers associate with brands, these findings have serious implications for the growth of the European luxury sector and also raise important questions about brands in translation, consumer cultures in contact, and the limits of consumer assimilation to global consumer culture.

The “next generation” of the new rich in China may expect more of their luxury brands than to display their money and success. They expect luxury brands to both express and inform their *savoir faire*, personality, and taste. They also expect advertising to assist them in learning how to “read” and appreciate brand meanings. Respondents moving up the economic ladder with their new MBA’s and rich husbands consistently expressed disappointment with their expensive purchases because they did not identify with the persona of the brand or the emotional dimensions of luxury that were suggested in luxury advertising. They had trouble making qualitative distinctions between luxury brands and failed to connect with brands in a “visceral” way (Wetlauber 2001). Though they sought brands that would reflect their personalities, the brands they bought did not satisfy this need. Their luxury bags and shoes did not extend their personal identities much beyond the meanings of ‘status’ and *savoir faire*. Several respondents reported losing interest in their LV bags once they got them home, leaving them in the closet with indifference.

As the goods piled up in their closets, these same consumers expressed strong interest in finding a “match” with a brand that satisfied their need for self-expression and met their expectations, fueled by advertising, that luxury consumption would enrich their fantasy life.

Consumers struggled to move beyond the somewhat generic interpretation of luxury brands as “expensive” and “high quality.” They also interpreted luxury through the lens of Confucian values, associating luxury consumption with a noble character and, ironically, the simple life.

#### **1.2.4 The Historical Context**

Specific historical and ideological conditions in China have interfered with local traditions of luxury, not only since the victory of Communism in 1949, but for the past 150 years as the result of colonial invasions, wars, and the frugal ideology of Confucianism. More recently, Mao Tse Dong repressed luxury traditions and values in China, tortured rich property owners, destroyed or stole their luxury possessions, and banished them to the countryside during the Cultural Revolution.

This may explain why respondents did not draw upon local traditions and values related to luxury as means of interpreting and assessing the meaning and value of European luxury brands. The signs and symbols of luxury represented in European ads were thus meanings that lacked a referent in a deep, context-rich experience of luxury. As a result, consumer responses to European luxury focused on the most general meanings of luxury, such as price. In linguistic terms, their responses betrayed tensions between the meaning and reference of brand symbolism: the CC logo signifies “expensive,” LV must be successful because they are “so well known.” However, these brands fail to conjure up any emotional experience, fantasy, or image that the consumer can relate to. Consumers struggle to find a brand that links brand symbolism to their personal values, lifestyles, and fantasies.

### **1.3 Brand Literacy**

Thus the unique history and ideology of Chinese consumers have shaped their appreciation of luxury and luxury brands in the popular consciousness. Consumers grasped the general meanings of luxury, such as “expensive,” “successful,” and “royal” (“like the British royal family”). They also interpreted luxury through the lens of Confucianism, a philosophy that values personal virtues and filial piety over materialism. Several respondents actually stated that people who purchased luxury fashion brands probably had good characters and “took care of their parents.” Giving luxury brands as gifts can also “make other people happy.”

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. One cannot expect Chinese consumers be “fluent” in the codes structuring Western luxury any more than one can expect them to be fluent in French or English without specific training. The large luxury companies have nonetheless charged into this market using the same creative strategies they employ in the West, heedless to the resistance of their target market to the nuances and distinctions of their brands. As long as the revenues flow in, for the moment at least, they ignore deep-seated cultural conflicts that may eventually impede long-term brand loyalty and market growth.

### **1.3.1 Stages of Brand Literacy**

Research findings suggest that consumers in emerging markets pass through various stages of brand literacy in order to recognize and identify with the precise meanings and worlds associated with brands. These stages parallel the stages in the brand equity hierarchy, and are related to specific experiences of consumers.

- I. The New Rich
  - Awareness: i.e. Louis Vuitton is a famous luxury brand from France.
  - Perception of Quality: Louis Vuitton products are expensive and well-made.
- II. Passionate Trend-Setters
  - Awareness: i.e. Louis Vuitton is a famous luxury brand from France.
  - Perception of Quality: Louis Vuitton products are expensive and well made.
  - Social and Emotional Benefits: Louis Vuitton is a badge for status and wealth.
- III. The Mature New Rich
  - Awareness: i.e. Louis Vuitton is a famous luxury brand from France.
  - Perception of Quality: Louis Vuitton products are expensive and well-made.
  - Social and Emotional Benefits: Louis Vuitton is a badge for status and wealth.
  - Brand Identification
  - Loyalty

Consumers’ levels of brand literacy correlated positively with social experiences, work, and life projects. The newly rich housewife had very low emotional investment in luxury brands, but used them to show off her husband’s success. The passionate trendsetters wanted to show off their *savoir faire* about

western luxury, like the new rich. In addition, they also sought to express their personal tastes and identities by means of brands, but they were disappointed to say that they could find no connection with their brands. Finally, a small group of consumers who regularly travel outside of China, to Hong Kong, Japan, or the West, or worked in marketing, engaged with brands in ways very similar to consumers in the West.

### **1.3.2 Barriers to Engagement**

The majority of the respondents in this study were either “new rich” or “passionate trendsetters.” Though passionate trendsetters are deeply motivated to find an emotional connection to their brands, and though many of them had obtained MBA’s from prestigious schools in China, they do not move up the brand equity hierarchy much further than the new rich, who use luxury brands as badges and nothing more. Furthermore, the lack of emotional connection and identification with these brands resulted in their reducing all luxury brands to a few universal attributes, such as expensive, good quality or character, and high class. In other words, they failed to differentiate brands on the basis of their distinctive characteristics. Even when recall was aided by showing them several print ads for each brand, they came up with the same generic associations for them all. This lack of differentiation forms a barrier to brand loyalty and competitive strength in the marketplace, and presents a critical challenge for marketers in China.

To summarize, when exposed to advertisements for Western luxury brands, most respondents in Shanghai produced a limited repertoire of emotional associations with the advertisements, which led to their difficulty differentiating one brand from the other on the basis of qualitative values.

By contrast, consumers in the West are able to differentiate between brands and even articulate distinct cultural contexts for them. I demonstrate these findings with a brand audit exercise conducted in Paris in 2006.

## **1.4 Brand Audit Exercise: A Semiotic Analysis of Luxury Perfume Ads**

I exposed MBA students in Paris<sup>2</sup> to a similar exercise in order to initiate the class in the practice of semiotic analysis. The exercise involved sorting, classifying, and analyzing brand distinctions in a set of advertisements for luxury perfume. The exercise displays the complexity of the semiotic systems at work in advertising that contribute to brand distinctiveness, appeal, and cultural relevance, all of which contribute to the value of brands. It also demonstrates the parameters of the kinds of meanings that consumers, with some prodding, can identify in advertisements. Students in the class, whether they consumed luxury brands or not, were able rather quickly to enter into the analysis of the ads, highlighting a range of semiotic operations and levels of meaning that structure differences and similarities between major brands and contribute to consumer distinctions between brands as personalities.

### **1.4.1 The Binary Analysis**

Luxury perfume advertisements are distinct from everyday brands inasmuch as they reinforce the fantasy of the woman set apart from the mundane details associated with shopping and saving money. A quick binary sort of the ads produced a binary set of images: one set included only black and white photography, the other stack only used color photography. The black and white ads employed metonymy

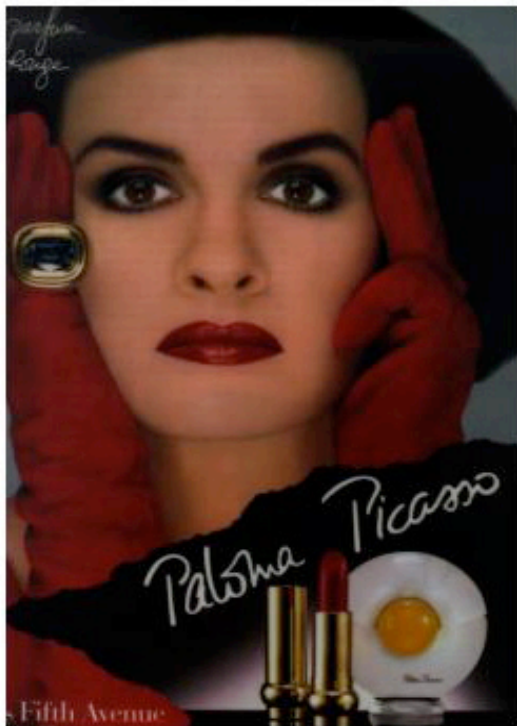
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<sup>2</sup> ESSEC Business School, Paris, France, 2005-2006.

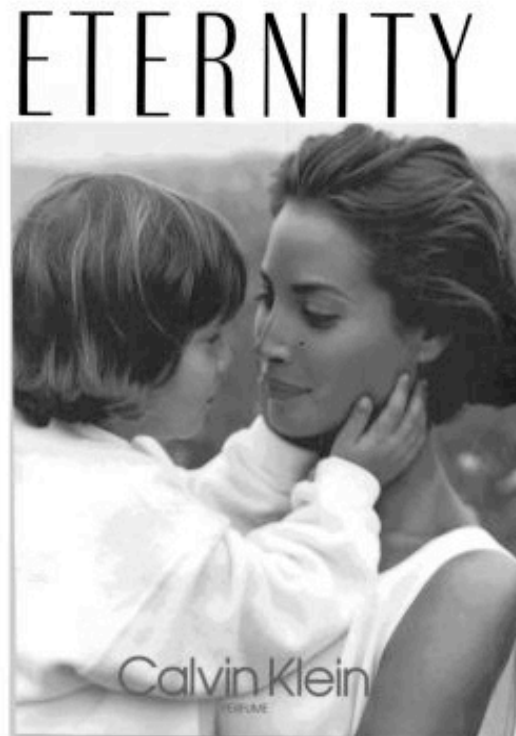


to engage the spectator in the narrative depicted in the image — we see a part of a story and must fill in the details; the color ads employed metaphor to make comparisons between the perfume and the feminine icon in the image. Further analysis revealed a paradigmatic set of oppositions, beginning with rhetorical style and extending to the kinds of characters, their points of view in the image, the camera angles, and cultural cues. (Figure 1)

**Figure 1.3 Two Interpretations of the Feminine, Two Brand Cultures**



Woman  
Goddess  
Poetry  
Icon  
French



Women  
Girl Next Door  
Prose  
Lifestyle  
American

Like works of art, luxury brands tap into the myths and icons of culture, and promise the consumer access to transcendent experiences such as beauty, limitless wealth, and immortality. Since perfume itself is ephemeral and impermanent, the brand benefits of the luxury perfume category are entirely based on the delivery of intangible esthetic associations of the brands with idealized representations of women at personal, social, and existential levels of discourse. The strategic question, then, was how different luxury brands were positioned with reference to the question, “What is Woman?”

Students were exposed to two-dozen print ads for luxury perfumes and were asked to sort them by their esthetic styles, their emotional tone, and the relationship they suggested for consumers. Students inevitably drew an initial distinction between ads that were executed in black and white photography from those executed in color. From there, they found that the black and white images all had couples or families in them in a realistic setting, whereas the photos in color showed women alone on an undefined background. From this initial binary, a paradigmatic series of oppositions were generated that extended to

other cultural categories such as esthetic style, social identity, and national culture. These binaries could be linked in turn to two distinct interpretations of feminine ideal. The black and white photos all leaned toward a more casual representation of women as “the girl next door,” in everyday settings that resembled prose. The colored photos leaned toward a more formal representation of Woman as Goddess in iconic representations that resembled poetry. These stylistic distinctions were evidence of deeper cultural differences between the two sets of ads, since without exception the ads in black and white represented American brands; the ads in color represented French brands.

#### **1.4.2 Brand Literacy and Cognition**

Though a longer summary of this exercise would draw attention to the broad and complex range of meanings communicated in the ads in this exercise, this cursory analysis reveals the cognitive processes involved in the interpretation, integration, and identification with brands. It highlights how, with some probing, consumers identify and differentiate the cultural cues that distinguish brands. It also forms the basis for understanding how consumers acquire preferences and emotional attachments to some brands rather than others.

This exercise also illustrates how reading brand identity is culture-specific. It also accounts for the limitations facing consumers in non-Western markets who try to enter into this semiotic game, missing the nuances and emotional meanings that define brand equity and identity. While French students could identify a range of semiotic dimensions and cultural cues in these European ads, whether or not they had personal experience with luxury brands, respondents in Shanghai displayed, for the most part, limited abilities to elaborate upon the distinctions among brands or the culture these brands represent. Such consumer responses are symptomatic of a deep divide between the culture of the target market and the culture of the brand, and threaten the perceived value of the brand for these consumers. Yet advertisers in the luxury sector have so far failed to recognize the need to address this cultural conflict.

### **1.4 Brand Literacy in Semiotic Perspective**

The very notion of brand literacy is grounded in the assumption that non-linguistic sign systems such as advertising are structured like language, by means of codes or conventions that are embedded in the culture of consumers. Structural semiotics, like linguistics, offers a rigorous, repeatable methodology for analyzing the codes underlying the structure of meaning and reference to the cultural context in discourses such as advertising and consumer behavior. Semiotic analysis brings forth objective criteria such as codes, rhetorical operations, and other formal dimensions of data. Semiotics has the advantage over content analysis by identifying structural systems, patterns, and rules that transcend the content of the message itself. These structural elements organize phenomena into meanings under the rubric of cultural categories such as gender, power, or identity. (See McCracken 1986 for a discussion of cultural categories.)

Structural semiotics transcends its origins in Russian Formalism (Lemon and Reis 1965) by moving beyond the simple formal analysis of texts and taking account of the implication of form and meaning in a given cultural context, such as the family meal. Though meals have a beginning, middle, and end, the meal preparation, the disposition of the family members around the table, and the foods brought to the table are inseparable from the cultural values, priorities, and traditions of the family.

The notion that discourses are structured both by the internal organization of signs and the external references to the context of the communication, originates with the linguistic theories of Swiss linguist Ferdinand de Saussure (1859/1916/1913) in the 19<sup>th</sup> century. This notion has been refined and expanded over the years by experts in the areas of semantics and culture theory. These experts emphasize

the importance not only of the structure of discourse but the reference of discourse to the context of the communication.

Brand literacy operates on at least two levels: the *structural* level associated with the literal, “dictionary meaning” of signs; and the *semantic* level associated with the relation between the dictionary meaning to the context of discourse. Writers such as Eco (1979), Greimas (1983/1966), and Benveniste (1971) extend structural semiotics by emphasizing that discourses are not only meaningful because of *structural* codes responsible for the coherence of the sign system itself, but also because of *semantic* codes that embed discourses in the context of the communication event. Irony is a good example of the importance of context. For example the utterance, “What a beautiful day!” taken at face value, signifies meanings one associates with good weather. When someone utters this same statement in order to remark on yet another cold and rainy day in Chicago, the meaning becomes an ironic comment on the bad weather. In other words, two distinct levels of semiotic organization – the internal structure of signs and the reference to a semantic context, drive meaning production.

The distinction between the meaning and reference of discourse, we shall see, has great importance for understanding the dynamics of brand literacy. Though I will elaborate in more detail on this dynamic further on, suffice it to say that consumers must be able to not only understand the meaning of brand signifiers (e.g. “This is an expensive brand.”) - but relate them to the semantic context of the brand world, the product category, and their own lifestyles (e.g. “This brand reminds me of people who are fun, sexy, and free.”). In the present study, the brand communication failed to elicit these kinds of associations with luxury brands, so consumers did not personalize, differentiate, or identify with one brand over another. They did not relate to the European culture of luxury in the ads, and could not fill in the brand world suggested by the images.

### 1.5.1 Brand Literacy and Language Learning

Brand literacy affects various levels of brand semiotics, from the logo to the broad system of associations brands communicate over time. These levels include

- Denotation, or the literal association of a signifier with a signified, the way logos stand for the company. The CC logo references the Coco Chanel brand.
- Connotation, the association of a signifier with an esthetic signified, such as the association of the logo with the brand’s quality, positioning, and benefits for consumers. The sign /CC/ stands for exclusivity, high status, and classic beauty;
- Symbolism, the association of brand signifiers, from the logo to celebrity endorsers, with the brand culture and identity. The Chanel woman is classic, intelligent, assertive, and sophisticated.

As meaning production moves from the literal or denotative function to the symbolic function, the importance of the cultural context increases. The CC logo may be universally recognized, but consumers’ responses to the Chanel brand would be dramatically different if they were living in austerity-prone China during the Cultural Revolution in the 1960’s and ‘70’s.

By drawing upon structural semiotic theory, I propose that consumers learn the codes structuring brand meaning in a sequence that resembles language acquisition. Russian linguist and semiotician Roman Jakobson (1956/1990) discovered that language literacy occurred in stages and that not all people followed these stages in the same way. By studying the stages of language loss experienced by aphasics and comparing findings with the stages children pass through to in language acquisition, Jakobson developed a binary schema for mapping the literacy process in terms of a double axis formed by associations by similarity (the paradigm or set of all possible replacements) and associations by contiguity (the syntagm or

concatenation of all terms in a given message). These semiotic structures, in Jakobson’s schema, parallel cognitive operations of substitution and alignment in the mind.

Jakobson also identified two distinct types of aphasia, distinguished by the relative emphasis on the ability to create associations by similarity and the ability to create associations by contiguity. He finds that one set of aphasics gradually loses the ability to combine signs on the basis of their similarity – they can define a word, for instance, but they cannot replace it with something like it, as in the paradigmatic association of a knife with similar tools using a blade. The other set of aphasics gradually loses the ability to combine signs on the basis of their contiguity – their logical or physical association with each other, as in the linear or syntagmatic association of the table knife with all other utensils in a serving set.

In typical Structuralist fashion, Jakobson extrapolates these findings about two types of aphasic disturbances to a general theory of “two aspects of language” that account for non-linguistic forms of literacy associated with cultural systems other than language, such as prose and poetry. In the figure below, I plot the two axes of meaning on a grid, then demonstrate how this can be applied to advertising research.

**Figure 1.4 Two Dimensions of Brand Discourse**

		Syntagmatic Axis (Brand Differentiation)				Contiguity
		Awareness	Perception of Quality	Social needs	Personality	Relationship
Similarity ↓	Dior	Famous French brand	Expensive and well-made.	Status	Young, carefree, sexy, etc.	Intimate
	Chanel	Famous French brand	Expensive and well-made.	Status	Timeless, responsible, classic, etc.	Reserved
	LV	Famous French brand	Expensive and well-made.	Status	Mature, business-like, contemporary, etc.	Direct
		Paradigmatic Axis (The Luxury Category)				

On the paradigmatic axis, moving top to bottom, I have listed a set of famous luxury brands – Dior, Chanel, and Louis Vuitton - that share qualitative attributes associated with the luxury category as a whole. These attributes include awareness of a famous French brand, perception of quality and high price, and status. These attributes contribute to the set of all qualities that French luxury brands have in common. On the syntagmatic axis, moving from left to right, the attributes of each brand become increasingly distinct. Research findings suggest that as consumer perceptions move *from* awareness of generic brand attributes

such as price and status, to identification with the personality and relationship style of the brand, their ability to differentiate and develop preferences for one brand over another increases.

## **1.6 Implications for Consumer Research**

Jakobson's schema has important implications for consumer learning and brand literacy because it enables the researcher to separate the paradigmatic set of attributes that define a product category from the unique associations on the syntagmatic axis that define the world of specific brands. The paradigmatic associations join brands together by similarity; the syntagmatic associations differentiate brands by means of a chain of signifiers that form the context. By mapping findings from the research in Shanghai on this grid, we observe that Chinese consumers readily recognize the set of brand attributes that all luxury brands share (the paradigmatic axis) but have greater difficulty recognizing differences among brands based on their contexts (the syntagmatic axis).

There are at least two conclusions that can be drawn from this finding. First of all, since the cultural context forms the distinct meanings, rituals, and personal identities that define the brand's positioning in the marketplace, the cultural incompatibility between the Western advertising and the culture of consumers limits Chinese consumers' interpretation of the brand world.

Second, it is possible that Chinese and Western consumers acquire semiotic codes in different ways. Future research may reveal that brand literacy, like language acquisition, follows two distinct paths, determined by culture - association by similarity and association by contiguity. It is possible that Chinese consumers initially lean toward associating brands along lines of similarity, while Western consumers may initially lean toward differentiating brands along the lines of contiguity. Managing brand meanings to account for these differences in learning styles may be critical for translating brands across borders.

Ultimately, language learners acquire skill in making both associations by similarity and contiguity in order to master language. However, language learning, like branding, does not develop in a vacuum, but is formed by means of the on-going practice of associating meanings with the context of discourse. Continuing the analogy with language, in order to develop engaged, loyal consumers in China, marketers must understand the local culture and establish a brand world that is calibrated to the cultural context.

### **1.6.1 Implications for Marketers**

Findings from this study suggest that the strong growth in the luxury sector in China may obscure underlying tensions between the culture of consumers and the meaning of brands. In the first blush of affluence, consumers in developing markets such as China may purchase luxury brands regardless of their personal identification with particular brands. As emerging markets mature, affluent consumers demand more of their brands than simple ostentation and status. To grow long-term value and consumer loyalty over the long haul, marketers must focus on building brand literacy in these markets by innovative research and communication strategies.

### **1.6.2 The Culture Factor**

Luxury manufacturers in the West rely on the double-digit growth in emerging markets such as China, but have rushed into this market without adapting the brand message to the culture of local consumers. The first generation new rich in China may have been content to show off famous, expensive brand names even if they did not engage with the brand on a visceral level. However, the current research

suggests that second and third generation of affluent Chinese consumers will not be satisfied with the current, somewhat generic association of luxury brands with money and success seek brands that satisfy their needs for personal expression and relationship. In order to develop a more personal relationship to Western luxury brands, Chinese consumers must relate brand meanings to their culture and their unique identity projects.

### 1.6.3 The Role of Advertising

Management itself is responsible for creating barriers to consumer engagement with luxury brands, if not to the luxury category as a whole, by assuming that Chinese consumers already know the 'rules of the road' relating to luxury goods, rituals, and culture in the West. The Western images used in advertising are structured by cultural as well as linguistic and esthetic codes, and these cultural codes interfere with the brand recognition and identification process. In similar fashion, reading Chinese would present problems for the untrained American tourist.

The present research identified several broad areas in which luxury advertising came into conflict with the cultural values of Chinese consumers.

- Western luxury advertising tends to focus on the individual model isolated from her lived environment. By contrast, Chinese consumers traditionally interpret the individual as a cell in a larger organism, subject to the forces of nature, fate, and the social group.
- Furthermore, Chinese consumers have a rather short history of branded market culture, so they cannot "connect the dots" between what the advertisement shows in the image and what it infers about the luxury context in the same manner as Western consumers.
- For the most part, luxury advertisements in Asia reproduce the one-page fashion shot that characterizes fashion advertisements in Europe, even reproducing the photographs, replacing the language with Chinese. Though consumers may be able to relate to the verbal text, they may not relate to the visual "language" structuring the meaning of woman, beauty, and luxury in the West.

The challenge for advertisers is to adapt brand communication to the culture of local consumers without losing the essence and meaning of the brand across markets (Sherry 1987 and Cayla and Eckhardt 2008). Ogilvy and Mather took steps in this direction in the "Journey" campaign for Louis Vuitton luggage. They embedded the product in scenes, sometimes two pages across, that highlighted substantial, highly achieving personalities that included Mikhail Gorbachev, Madonna, and David Beckham. They replaced the single page ad featuring anonymous bodies on a black backdrop with texture, history, and high values. Whether the campaign was targeted specifically to the Chinese market or not, it in fact responded to Chinese consumers' need for context, notable characters and noble actions.

However, marketers may have to go a step further and replace the traditional magazine ad with a new creative strategy altogether, one that would include different forms of consumer contact and non-traditional media. In addition to celebrity endorsers (see Wicks et al. 2007), luxury marketers may have to abandon the assumption that luxury transcends time and culture (Wetlaufer 2001) and find ways of weaving their brands into the lifestyles and values of Chinese consumers. They need to move beyond the single image print ad and the iconic fashion model in order to initiate Chinese consumers into the luxury brand culture. They may also have to follow the lead of marketers in other categories, such as household appliances, where brand recognition has been built upon personal selling, shopping mall tutorials, trade shows, and other non-traditional media to educate consumers about a new category or brand.

## 1.7 Conclusions

Brands grow in value to the extent that consumers engage with brands at personal, visceral levels and grow in brand loyalty (Aaker 1991, Fournier 1996, Yankelovich 1964). The brand literacy of consumers in emerging consumer markets has important economic implications, not only for particular companies but also for the global economy, since emerging markets are driving global economic growth. In this brief study I demonstrated the usefulness of marketing semiotics in building global brand strategy.

Furthermore, advertising forms the symbolic site for the intersection of cultures in contact and a medium for translating cultural meanings from one market to another. With the market opening in China in the 1980's, global advertising also has the potential to exceed its marketing function and serve as a moderator for consumer acculturation in developing consumer markets such as China. Moderating consumer acculturation has relevance not only for building successful brands in these markets, but has the potential to build understanding and dialogue between nations.

The objection could be made that brand strategy built upon growing brand literacy in developing markets may be a form of indoctrination to Western culture. However, as we found in the present study, translating brands is a two-way, dialectical process moderated by the intersection of the marketing message and the perceptions of consumers (Zhang and Schmidt 2001). This research suggests that consumers in developing markets are not likely to be assimilated easily or completely into a monolithic global consumer culture, because they demand more relevant communication that matches their own cultural priorities and even filter brand messages through the lens of local values and ideology. The brand 'literate' consumer, in China or any other market, would not simply "assimilate" to the codes and values of Western brands, but would be able to manipulate these codes to express their personal tastes or "extend" their personas (Belk 1988). On-going research into the culture, poetics, and history of Chinese culture will open the way to create brand literacy in the luxury sector, improve long term brand value for European luxury brands, and enhance cultural understanding between consumers in the global marketplace.

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