

# ***Research on the Heritage and Innovation of Changyu Wine Industry from the Perspective of Value Co-Creation***

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**Abstract:** Heritage and innovation are the core issues for the sustainable development of China's time-honored brands. Based on the perspective of value co-creation, this paper takes Changyu Wine Industry as a case study and employs a single-case research method to explore the mechanisms of heritage and innovation in time-honored brands. The activation of a time-honored brand can be divided into three stages: the revival of products, the innovation of business models, and the activation of culture. Each stage exhibits different aspects in terms of heritage, innovation, and value co-creation. Time-honored brands can leverage their rich cultural resources, combined with digital technologies and innovations, to invigorate the vitality of their brand.

**Keywords:** Time-honored brands, brand heritage, brand innovation, value co-creation

## **1. Introduction**

With the rise of the "Guochao" (Chinese cultural trend), time-honored brands, which embody the excellent traditional culture and spiritual connotations of the Chinese nation, have once again become the focus of public discussion. Multiple national ministries, such as the Ministry of Commerce and the Ministry of Industry and Information Technology, have successively released several documents on promoting the reform and innovative development of time-honored brands, emphasizing the importance of their heritage and innovation, and continuously developing unique mechanisms for the sustainable growth of China's time-honored brands. However, due to issues such as insufficient product innovation, inadequate service, lack of brand effects, and increasingly fierce market competition, many historically significant time-honored brands have declined. Under the influence of new consumption trends, revitalizing these time-honored brands is now a clear direction in the field of research.

Early research on the heritage and innovation of time-honored brands mainly focused on the dual dilemma of whether to "inherit" or "reshape" such brands. As scholars delved deeper into the topic, they found that both can be organically integrated [1]. Although many challenges remain for time-honored brands, such as outdated products and lagging services, they still possess valuable assets, including rich historical legacies and unique market shares. On one hand, time-honored brands, through historical development, often hold distinctive brand cultures and values, and heritage involves preserving or promoting these classic and characteristic traditions. On the other hand, competition in the consumer market is intensifying, and traditional business models are under great

pressure. Time-honored brands need to undergo radical innovations, shifting their operational models, products, services, and corporate strategies to incorporate new elements. Value co-creation, as a modern concept in business and marketing, can integrate the relationships among stakeholders involved with the brand, further enhancing the "authenticity" of time-honored brands. Based on this, the study aims to use value co-creation theory as a framework and employs a case study approach with Changyu Wine Industry as the research subject. The paper explores the mechanisms of heritage and innovation within time-honored brands, focusing on how companies can rejuvenate their brands through the integration of heritage, innovation, and value co-creation, thereby deepening the understanding of the brand reconstruction mechanisms. The aim is to provide a theoretical basis for the practice of brand revitalization among time-honored enterprises.

## **2. Literature Review**

### **2.1. Heritage and Innovation of Time-Honored Brands**

Currently, there is limited literature specifically focused on the heritage and innovation of time-honored wine brands, but research on time-honored brands in general provides useful references. Urde et al. identified five key elements that constitute brand heritage: core values, symbolic signs, performance records, historical value, and longevity. These elements are interconnected and form the core of the brand [2]. Through heritage, time-honored brands promote their unique cultural assets, values, and competitiveness, highlighting the historical and cultural connotations of the brand, thereby enhancing public recognition.

Regarding the innovation of time-honored brands, Wang Chengrong suggests that brand extension is a significant aspect of innovation. This approach allows companies to innovate by extending the time-honored brand to famous products or related products and services, thereby creating new offerings based on the heritage of the brand. Bai Yuling believes that companies can reshape their brands through innovations in systems, culture integration, products and services, and marketing. Therefore, brand innovation involves enhancing the vitality of the brand through innovations in business models, culture, and technology. Moreover, heritage and innovation are mutually reinforcing; for better heritage, time-honored brands must innovate to adapt to the market.

### **2.2. The Duality Theory of Brand Heritage and Innovation**

Value co-creation is a modern approach to value creation that differs from traditional methods. It shifts the focus to a new model where businesses collaborate with consumers, suppliers, employees, and other stakeholders as co-creators of value. In this model, businesses and consumers are not merely engaged in a simple transactional relationship but act as partners in the creation and enhancement of value, ultimately leading to value maximization [3]. Since this study focuses on the heritage and innovation of time-honored brands, it applies the consumer experience perspective within the value co-creation theory. According to Xue Pingping and Gao Juemin, meeting the personalized needs of consumers is crucial for the continued growth of time-honored brands. This study thus aims to explore how time-honored brands achieve heritage and innovation through value co-creation under strong market pressures. It will also summarize the processes and mechanisms involved in revitalizing time-honored brands.

### 3. Research Design

#### 3.1. Research Methodology

To achieve the research objectives, this study adopts a single-case research method to explore the influence mechanisms and economic effects of brand heritage and innovation on time-honored brands. Through this approach, the study provides a detailed and systematic summary of a single case, offering in-depth insights into the potential problems and countermeasures for revitalizing time-honored brands, while also aligning with the practical operational outcomes observed in the market.

#### 3.2. Selection of Research Object

According to the case study methodology, the research object must meet the following criteria: The selected company is a highly representative time-honored brand from China, one that continues to innovate and develop with changing environmental conditions, and uses heritage and innovation to drive value co-creation. The company has developed unique capabilities in its heritage and innovation processes, forming a competitive advantage in the time-honored brand market. The company's heritage and innovation processes can be studied across different stages of development. The company has been subject to long-term observation, with rich data available for research. Based on these criteria, Changyu Wine Industry has been selected as the research object for this study.

#### 3.3. Data Collection

To gain a deep understanding of Changyu Wine Industry's heritage and innovation processes, this study follows the recommendations of Glaser and Strauss on using multiple data sources. A combination of tracking research, in-depth semi-structured interviews with core personnel, and triangulation of data from multiple sources were used to cross-verify the research data. This approach ensures the authenticity and validity of the data, minimizes biases from first-hand sources, and enhances the reliability and validity of the study. The primary data sources for this study come from face-to-face interviews with senior management and field observations. These materials primarily focus on brand culture, business models, digital transformation, and corporate heritage [4]. The secondary data sources include official materials from Changyu Wine Industry's website, related academic papers on China National Knowledge Infrastructure (CNKI), and various public reports.

Table 1: Interview Topics and Participants

Data Source	Interviewee	Interview Topic	Duration (min)	Word Count (10,000)
Semi-structured Interviews	General Manager	Development history of time-honored brand enterprises, corporate culture, wine industry, development strategies, corporate innovation, etc.	40	0.3
	General Manager	Application of digital technology in value chain, planting and production, brewing technology, etc.	50	0.3
	Sales Director	Brand awareness, sales performance, customer maintenance, etc.	30	0.3

Table 1: (continued).

	Financial Director	Corporate financial status, financial digitalization, financial talent development	50	0.3
	Ordinary Employees	Daily work content, work experience, etc.	20	0.3
On-site Observation	Corporate Culture Museum, Product Live Streaming Promotion, Offline Activities		0.4	0.3

To ensure the scientific rigor and standardization of the study, data collected were processed using data coding methods and layered coding for data categorization. The collected data underwent multi-level analysis and conceptualization, revealing deeper logical relationships. The first-hand data is coded from G1 to G6, and the second-hand data is coded from S1 to S2, as shown in Table 2.

Table 2: Data Coding

Data Category		Code
Primary Data	General Manager	G1
	Information Director	G2
	Sales Director	G3
	Financial Director	G4
	Ordinary Employees	G5
	On-site Observation	G6
Secondary Data	Meeting Minutes, Employee Reports (PPT), etc.	S1
	CNKI Theses, Media Reports Related to the Enterprise, etc.	S2

## 4. Case Analysis

### 4.1. Product Revival Phase (2012-2016)

In 2012, the global wine industry was significantly impacted by extreme weather in Europe and the European Union's policy to eliminate the "wine lake," leading to a sharp decline in wine production. In response, Changyu quickly initiated an internationalization strategy, expanding into renowned global wine regions. By introducing advanced winemaking technologies and equipment, Changyu strengthened its management of raw material procurement and production processes, ensuring that every bottle of wine met high-quality standards. In line with changing market demands, Changyu optimized its product line, launching multiple new product series to cater to diverse consumer tastes and needs. At the same time, it preserved its traditional classic products, continually innovating and upgrading them. Changyu used various channels, including advertising, public relations events, and social media, to promote the brand and increase its visibility and influence. Additionally, the company emphasized the exploration of the brand's history and cultural connotations. Through storytelling and the heritage of brand spirit, Changyu enhanced consumer recognition and loyalty. The company actively expanded both domestic and international markets, strengthened cooperation with distributors, and broadened sales channels and networks to increase market coverage [5]. As a result, during this phase, Changyu invigorated resources such as its industrial lines, brand promotion, and sales channels, improving product quality and co-creating value with consumers, thus restructuring its internal capabilities. The detailed coding for this phase is shown in Table 3.

Table 3: Evidence Citation and Coding for the Product Revival Phase

Main Dimension	Secondary Coding	Primary Coding	Evidence Citation	Evidence Source
Driving Factors	Environmental Drivers	Policy Restrictions	The introduction of policies such as the "Eight Regulations" and restrictions on public consumption led to a downturn in the domestic wine market.	S2
		Consumer Demand	With the increasing health awareness of consumers, the requirements for the quality and taste of wine have also risen.	G3
	Internal Drivers	Business Strategy Adjustment	"Steadily develop mid-to-high-end wines, vigorously expand low-end wines, brandy, and self-owned brand imported wines."	G1
Brand Value Co-Creation	Co-Creation Methods	Consumer Participation	Develop industrial tourism projects to allow consumers to experience the production process and cultural background of wine firsthand.	S1
		Digital Transformation	In 2012, Changyu pioneered the "One Bottle, One Code" labeling project, assigning a unique ID to each bottle of wine.	G2
Brand heritage and Innovation	Heritage of Classics	Skill Heritage	Preserve and promote traditional winemaking techniques and technologies to ensure the classic quality and unique flavor of products.	G1
	Innovation Breakthroughs	Information Disclosure	The blockchain information for high-end winery products includes 25 traceability details.	G2
Revival Achievements	Market Share	Sustained Sales Growth	Achieved revenue of 4.65 billion yuan in 2015, a year-on-year increase of 11.86%; in 2016, it slightly increased to 4.71759 billion yuan, a year-on-year growth of 1.46%.	S2
	Brand Influence	Enhanced Influence	In the 2015 "Brand Value Evaluation Information" ranking, Changyu was the only wine enterprise brand on the list.	S2

#### 4.2. Model Innovation Phase (2017-2021)

As Changyu's brand influence and market share continued to grow, the company gradually realized that relying solely on product upgrades could not keep pace with market changes. It was necessary to shift the company's operational mindset and transform the existing business model. Additionally, the widespread application of digital technologies led many enterprises to experiment with new models, integrating digital transformation into their business processes with unexpectedly positive results [6].

In response, Changyu adjusted its strategic direction and developed a new operating model through the integration of heritage and innovation, thus paving the way for further expansion into global markets.

The company continued to focus on product innovation and quality improvement, concentrating on three core business areas: domestic wine, brandy, and imported wines, with an emphasis on six key brands. These core brands not only represented Changyu's market share but also served as the pillars of its long-term growth and steady development. In terms of the production chain, Changyu focused on refining winemaking technologies, continuously introducing and developing advanced winemaking techniques such as thermal energy recovery systems and integrated water and fertilizer drip irrigation systems to reduce production costs and improve product quality. At the same time, Changyu assembled an international team of winemakers dedicated to producing world-class Chinese wine.

During this phase, Changyu accelerated its information technology initiatives, achieving digital transformation across planting, production, marketing, and management processes. Through data collection and analysis, it established comprehensive vineyard information records and implemented full-scale digital management of dealer orders, production processes, and logistics. In terms of consumer channel innovation, Changyu developed online platforms such as the "Changyu Quality Life+" membership mini-program and the "Changyu Wine Official Flagship Store" smart retail mall to create private domain traffic and consumer digital assets. The company also collaborated with online platforms like Tmall, JD.com, and Douyin to enhance communication with consumers and drive its online transformation. Overall, through the further development of digital transformation during this phase, Changyu not only enhanced its brand image and market competitiveness but also provided consumers with better products and service experiences. The specific coding for this phase is shown in Table 4.

Table 4: Evidence Citation and Coding for the Model Innovation Phase

Main Dimension	Secondary Coding	Primary Coding	Evidence Citation	Evidence Source
Driving Factors	Environmental Drivers	Digital Technology Maturity	Breakthroughs in artificial intelligence technology enable enterprises to build more intelligent systems and applications, improving business efficiency and innovation capabilities.	S2
		Consumer Demand	With increasing health awareness, consumers are beginning to pay attention to the health benefits of wine.	G1
	Internal Drivers	Efficiency Improvement	Digital transformation enables automation and intelligence in production, sales, management, and other processes, enhancing operational efficiency and reducing costs.	G3
Brand Value Co-Creation	Co-Creation Methods	Intelligent Production	A production center of Changyu achieves precise blending and automated filling of wine through computer control.	S1

Table 4: (continued).

		Digital Interaction	Changyu has developed membership mini-programs and smart retail platforms to provide consumers with more convenient and personalized shopping experiences.	G3
Brand Heritage and Innovation	Heritage of Classics	Cultural Exploration	The Changyu Wine Culture Museum uses digital technology to recreate the development history of Changyu, serving as an important window for the outside world to understand Changyu.	G5
	Innovation Breakthroughs	Product Innovation	Targeting young consumers, Changyu has launched wine products with refreshing tastes and fashionable packaging.	G6
Revival Achievements	Market Share	Expansion of International Market Share	Changyu, in collaboration with AdVini SA, the only listed wine company in France, acquired Château Lason in Haut-Médoc, Bordeaux, further expanding its international market share.	S2
	Brand Influence	Enhanced Influence	Consumers have highly praised Changyu's products and services. They believe that Changyu's products have excellent taste and high quality, with convenient purchasing and delivery services, as well as professional and efficient after-sales service.	G6

### 4.3. Cultural Activation Phase (2022—Present)

Changyu, a wine brand with over a century of heritage, carries a rich history and cultural resources that are akin to a bottle of aged wine—becoming more flavorful with time. While maintaining traditional winemaking techniques, Changyu has actively embraced modern technology to drive product innovation, offering consumers a more diverse and high-quality wine experience. The construction of the Changyu Wine Culture Museum, wine estates, and other cultural facilities has allowed Changyu's cultural resources to be better showcased and inherited, attracting countless visitors to explore the brand's historical charm and cultural heritage. Additionally, 2023 is considered a year of recovery for the wine market, marking the first significant increase in data in nearly a decade, as the wine market begins to warm up. Guided by its century-old culture, Changyu has focused even more on integrating traditional culture with modern elements, driving the company's cultural innovation and development through activities such as building wine culture museums, organizing wine culture festivals, and using cultural marketing. The specific coding for this phase is presented in Table 5.



Table 5: Evidence Citation and Coding for the Cultural Activation Phase

Main Dimension	Secondary Coding	Primary Coding	Evidence Citation	Evidence Source
Driving Factors	Environmental Drivers	Industry Favorable Policies	Yantai City has prioritized the wine industry chain as a key focus and allocated special funds to support it.	S2
		Peer Imitation	After we developed this immersive experience, many imitators emerged, and numerous wine companies also began to develop factory tourism.	G3
	Internal Drivers	Brand Sentiment	"Having tasted the world, we love China even more." This is Changyu's guiding philosophy in the new development phase, using Longyu as the brand code to lead Chinese wine back to its roots and construct the value and cultural expression of Chinese wine.	G6
Brand Value Co-Creation	Co-Creation Methods	Value Recognition	By hosting the Spring Banquet and using themed videos featuring Chinese culinary masters and a "Chinese Flavor Feast" luncheon, Changyu conveys the lifestyle concept that "Chinese wine pairs best with Chinese cuisine" to consumers.	S1
		Cultural Leadership	By establishing joint ventures such as Yufeng Company, Changyu has innovated the "manufacturer-distributor integration" model, rapidly consolidating high-quality industry resources.	G5
Brand Heritage and Innovation	Heritage of Classics	Cultural Dissemination	Changyu entered Peking University to host the first Grape and Wine Science and Culture Festival for college students.	G5
	Innovation Breakthroughs	Peripheral Product Development	Launched special products such as the Changyu Cabernet 90th Anniversary Edition to enhance consumers' memory and recognition of the brand.	G6
Revival Achievements	Rural Revitalization	Genuine Support for Rural Areas	By implementing measures such as guaranteed purchase of grapes from vineyard bases, Changyu has helped increase the income of local fruit farmers.	S2
	Brand Influence	Enhanced Awareness	Changyu has won numerous international awards and domestic honors. By sharing stories of brand history, winemaking techniques, and product features, it has strengthened consumers' awareness and emotional connection to the brand.	S2

## 5. Conclusion

Heritage and innovation are enduring topics for the revitalization of time-honored brands. These two elements are not in a binary opposition but are rather complementary and unified. This paper uses Changyu Wine as a case study to explore how the brand has achieved a century-long legacy through its approach to brand heritage and innovation, alongside its value co-creation with consumers. On



one hand, the heritage and innovation of time-honored brands go through many stages, where factors such as insufficient brand cultural influence, lack of product innovation, and difficulty adapting to market changes affect their development, with varying focal points at each stage. On the other hand, a time-honored brand can be revitalized by deeply mining its cultural resources and leveraging digital technologies to support the spread of corporate culture, product innovation, rural revitalization, and more. In this way, the brand establishes a strong connection with consumers, promoting the sustainable development of the time-honored brand.

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