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From Cultural Heritage to Circular Economy: How Startups Recombine Local Resources and Digital Tools for Sustainable Growth

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Abstract: *Peripheral startups in Southwest China navigate a precarious "triple squeeze"—a structural entrapment defined by geographical isolation, capital scarcity, and aggressive encroachment by franchising generalists. The core problem lies in the inability of these micro-firms to activate "latent" cultural assets under extreme resource constraints, leading to a high failure rate during the "Death Valley" phase. This paper investigates how Digital Entrepreneurial Bricolage enables sustainable growth. CHAGEE, Blue-Sustain, and Sunyata were selected as representative cases as they offer diverse successful models of identity, material, and spatial resource recombination. Secondary-data driven qualitative analysis was used in this study. The Findings suggest that digital tools facilitate a "cultural-green identity" that allows startups to occupy specialized market crevices. This study provides a strategic framework for aligning regional entrepreneurship with SDG 12 through digital asset orchestration, demonstrating how "making do" with digital-cultural resources creates a shield against macro-economic shocks.*

Keywords: Digital Bricolage; Intangible Cultural Heritage (ICH); Circular Economy (CE); Startup Resilience; SDG

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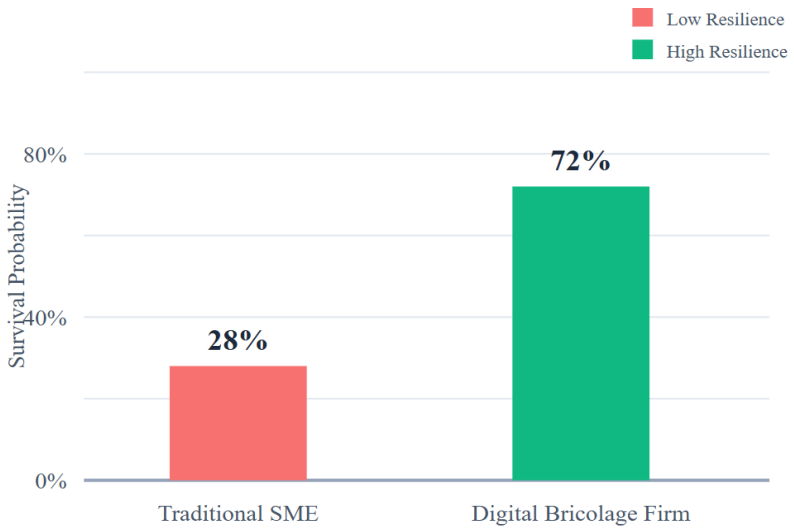
1. Introduction

1.1 Research Context and the Sustainability Paradox

In the peripheral regions of Southwest China (Yunnan, Guizhou, and Sichuan), a profound paradox exists between the wealth of "latent assets" such as centuries-old Intangible Cultural Heritage (ICH)-and the systemic fragility of local enterprises. Under the framework of Cultural Sustainability, these resources represent "Cultural Scarcity" in a homogenized global market (Han, 2023). However, these assets often remain economically inert due to a lack of activation mechanisms.

The advent of the "Digital Silk Road" has fundamentally recalibrated this dynamic by embedding sophisticated digital infrastructures into marginalized zones. Digital platforms now function as essential mediating layers for resource orchestration, allowing micro-firms to convert localized tradition into scalable value while minimizing material throughput (Sun & Li, 2024). This convergence aligns with SDG 12 (Responsible Consumption and Production), positioning sustainability as a driver of competitive advantage.

Despite the immense cultural potential inherent in regional heritage, startups in the Southwest are systematically marginalized by a "Triple Squeeze": (1) Geographical Liability (logistics costs), (2) Capital Asymmetry (lack of formal financing), and (3) Market Encroachment by standardized giants. The fundamental problem is structural misalignment: regional firms possess "cultural capital" yet lack the operational agility to mobilize it. Most independent startups fail within their initial five years because they lack a mechanism to transform local heritage into resilient business models without massive capital injection (Li, 2025; Mura & Hajduová, 2022). As illustrated in Figure 1, traditional strategies fail in saturated markets, necessitating a shift toward digital bricolage.



Note: Data based on conceptual modeling of the 5-year survival threshold in Southwest China border regions.

Figure 1: Theoretical Model of Survival Resilience: Digital Bricolage vs. Traditional SME Strategies

The overarching aim of this research is to evaluate the strategic efficacy of digital tools in empowering regional startups to achieve sustainable growth through the activation of underutilized cultural resources.

To bridge the gap between extreme resource constraint and organizational resilience, this study seeks to address the following research question:

-How do startups in peripheral Southwest China leverage digital entrepreneurial bricolage to transform latent cultural resources into circular business models that ensure long-term sustainable growth and organizational resilience?

2. Literature Review

Entrepreneurial Bricolage focuses on "making do" with resources at hand (Baker & Nelson, 2005). In the digital era, this concept has evolved into Digital Bricolage, which conceptualizes the use of intangible digital tools to orchestrate fragmented local assets into novel value propositions (Saura et al., 2022). This theory provides the lens for understanding how firms bypass capital-intensive growth by substituting physical capital with digital agility.

Given the conceptual nature of this study, we adopt a Qualitative Design based on interpretive synthesis. The logic of qualitative inquiry here is not to generalize through statistical frequency,

but to achieve Theoretical Generalization. By interpreting how different startups apply bricolage logic to varying resource types (cultural, material, spatial), we derive a universal framework for digital-driven sustainable growth. This qualitative approach allows for a deep exploration of the "meaning making" process behind cultural branding and digital orchestration.

2.1 Digital Circular Economy and SDG 12 Alignment

The transition toward a Circular Economy (SDG 12) requires a fundamental shift from the linear "take-make-dispose" model to a closed-loop system of resource utilization (Geissdoerfer et al., 2020). For startups in Southwest China, circularity is not merely an environmental obligation but a survival necessity. Digitalization acts as the "Enabler" of this transition by providing the transparency and coordination required to manage decentralized cultural assets. Specifically, digital tools allow micro-firms to engage in "Virtual Value Co-creation," where the consumer becomes a participant in the cultural life cycle. By utilizing cloud-based orchestration, startups can maintain high value-added outputs with near-zero inventory costs, effectively decoupling economic growth from environmental degradation (Lyu et al., 2024).

3. Methodology and Multi-case Selection

3.1 Qualitative Desktop Research: Methodological Justification

This study utilizes a Qualitative Desktop Research design, characterized by the systematic identification, evaluation, and synthesis of secondary data. In the context of peripheral entrepreneurship where primary field access is constrained, desktop research offers a unique heuristic advantage.

The justification for this design is twofold. First, Digital Bricolage manifests vividly through public-facing digital infrastructures. The strategic recombination of resources by startups such as CHAGEE or Blue-Sustain leaves an extensive "audit trail" of digital footprints, ranging from social media engagement patterns to cloud-based supply chain announcements. Second, the reliance on Secondary Data Analysis allows for a longitudinal perspective on startup resilience (Mura & Hajduová, 2022). Rather than a passive summary, this design involves an iterative process of cross-verifying corporate narratives with independent industry reports and consumer data, ensuring the "Digital Bricolage Model" is grounded in observable market behavior.

3.2 Case Selection Rationale: Theoretical Sampling

The selection of cases follows the logic of Theoretical Sampling, where subjects are chosen based on their capacity to illuminate different dimensions of the digital bricolage mechanism. We selected three startups that have successfully transcended the five-year survival threshold in Southwest China, each representing a distinct "bricolage domain" (Identity, Material, and Spatial). The summary of the selected case firms is presented in Table 1.

Table 1: Summary of Selected Case Firms for Bricolage Analysis

Case	Industry	Bricolage Resource	Digital Bricolage Tools	SDG Alignment
Case A: CHAGEE (霸王茶姬)	Modern Tea Beverage	In-situ tea culture & Ethnic aesthetics	Social CRM / WeChat Private Traffic	SDG 12.8 (Cultural Awareness)
Case B: Blue-Sustain (蓝续)	Sustainable Fashion	ICH Indigo Dyeing / Textile waste	3D Design / Cloud Supply Chain	SDG 12.5 (Waste Reduction)
Case C: Sunyata (既下山)	Cultural Tourism	Idle ethnic spaces / Local lore	OTA Platforms / VR Storytelling	SDG 12.b (Sustainable Tourism)

These cases are theoretically complementary: CHAGEE demonstrates the recombination of **intangible identity** in high-frequency consumer markets; Blue-Sustain exemplifies the **circular upcycling** of physical fragments; and Sunyata illustrates the **spatial activation** of peripheral assets. Collectively, they provide a comprehensive empirical base for pattern matching against the proposed digital bricolage framework.

3.3 Data Triangulation and Analysis

Validity is ensured through the triangulation of secondary data, including public corporate records, digital footprints, and industry reports. Analysis follows the Pattern Matching technique (Yin, 2018), comparing empirical observations with theoretical propositions.

4. Case Analysis: Mechanisms of Digital Orchestration

4.1 Case A: CHAGEE and the Digital Bricolage of Identity

Founded in Kunming, Yunnan, in 2017, CHAGEE entered a modern tea market already saturated with billion-dollar "Generalists." Lacking the capital to hire global branding agencies or secure premium mall locations, CHAGEE engaged in Entrepreneurial Bricolage.

Salvaging Lore: They "salvaged" the aesthetic elements of Peking Opera and traditional "Original Leaf Tea" culture—assets that were abundant in Yunnan but treated as "redundant" by westernized chains.

Digital Orchestration: By recombining these traditional elements with digital-first packaging and TikTok-driven social narratives, they created a "Cultural Community." Their use of digital Private Traffic allowed them to bypass expensive traditional advertising, creating a "Specialist" moat that prioritized cultural scarcity over mass-market volume. This alignment with local identity ensured a survival rate that outperformed many capital-rich competitors who lacked "In-situ" resonance.

4.2 Case B: Blue-Sustain and Circular Textile Reconstruction

Blue-Sustain, based in Zhoucheng, Dali, focuses on the Bai ethnic group's traditional indigo dyeing (an ICH asset). As a startup, it faced the classic "triple squeeze."

Bricolage Strategy: The firm "salvages" traditional textile remnants and waste fabrics from local artisans that are otherwise discarded. Utilizing digital 3D design software and cloud-based collaborative platforms, they "reconfigure" these fragments into high-end sustainable fashion.

Circular Impact: This process transforms physical waste into high-value cultural capital. By leveraging digital live-streaming, they educate consumers on the "Resource Lifecycle," fulfilling the SDG 12.5 mandate of waste reduction through upcycling. Their resilience is derived from a supply chain that relies on "salvaged fragments" rather than volatile global raw material markets.

4.3 Case C: Sunyata and the Digitalization of Peripheral Spaces

Sunyata (既下山) exemplifies how startups can thrive by bricolaging "idle assets" in peripheral regions.

Salvaging Spaces: Sunyata identifies neglected ancient buildings and "forgotten" ethnic architectural sites. Rather than engaging in capital-intensive new construction, they "bricolage" these existing spaces with modern sustainable materials and high-tech amenities.

Digitalization: Utilizing OTA (Online Travel Agency) platforms and immersive VR storytelling, they bridge the information gap between peripheral Yunnan and high-end urban consumers. By substituting material-intensive large-scale hotels with culturally intensive boutique experiences, they align with SDG 12.b (Sustainable Tourism). Their "Resourceful" approach allows them to maintain high occupancy and resilience even during macro-economic contractions.

4.4 Synthesis: Cross-Case Comparative Analysis

A comparative synthesis of the three cases reveals a consistent pattern of Digital Asset Orchestration. While CHAGEE bricolages symbolic identity, Blue-Sustain bricolages physical materials, and Sunyata bricolages peripheral spaces, all three startups utilize digital platforms as the "Resource Orchestrator." This cross-dimensional synergy demonstrates that digital bricolage is not industry-specific but represents a universal strategic shift for resource-constrained firms. By substituting traditional "ownership" of expensive assets with the "digital orchestration" of neglected ones, these startups turn their perceived geographical marginality into a specialized moat that protects them from the predatory standardization of generalist giants.

5. Theoretical Propositions and Resilience Modelling

5.1 The Logical Derivation of the Resilience Formula

To represent the survival mechanism observed in these cases, we propose a conceptual Resilience Function. Survival resilience is determined by the ratio of intangible digital agility to tangible resource burden (Hossain & Muhammad, 2022). The logic is rooted in the "Efficiency-Agility" tradeoff:

Digital Asset Utilization: Reduces search and coordination costs of "bricolage" resources, enhancing operational agility.

Physical Capital Intensity: Represents "Rigid Liabilities" that become burdensome during macro-economic contractions.

$$Resilience \propto \frac{Digital\_Asset\_Utilization}{Physical\_Capital\_Intensity}$$

This formula posits that survival resilience is determined by the ratio of intangible digital agility to tangible resource burden. By maximizing digital bricolage, startups can lower their "Breakeven Point," ensuring survivability in saturated markets.

Based on the pattern matching analysis and the resilience model, we propose:

i. Proposition 1: Cultural Capitalization. Recombining local ICH via digital infrastructures creates a "Cultural-Green Identity" that functions as a strategic moat (Han, 2023).
ii. Proposition 2: SDG 12 as a Survival Shield. Digital asset utilization lowers the physical capital intensity required for market entry, thereby reducing the "Break-even Point" and enabling the alignment with circular economy mandates.

6. Discussion: The Survival Paradox of the Peripheral Specialist

The findings of this study challenge the traditional "Growth-at-all-Costs" paradigm prevalent in urban venture capital hubs. For peripheral startups in Southwest China, the Survival Paradox

lies in the fact that their greatest competitive advantage—cultural scarcity—is often the hardest to scale through traditional means. Our analysis suggests that digital bricolage provides a "Resilience Shield" that allows these firms to thrive as Specialists in a market increasingly dominated by scale-driven Generalists.

From the perspective of Resource Partitioning Theory, the digitalization of heritage assets effectively broadens the "Niche Width" of micro-firms. While generalist giants optimize efficiency and standardization, the bricoleur optimizes authenticity and resourcefulness. This strategic divergence is critical for achieving Long-term Sustainability. Aligning their operations with SDG 12, these startups do not just survive macro-economic volatility; they actively contribute to a localized circular economy that preserves ICH while generating modern economic value. This "Cultural-Green Synergy" represents a new frontier for regional entrepreneurship, where digital agility serves as the bridge between ancient traditions and future growth.

7. Conclusion

7.1 Key Findings

This study concludes that for independent startups in peripheral China, survival is a result of Strategic Bricolage. By leveraging digital tools to reconfigure local cultural assets into circular offerings, firms turn their geographical marginality into a durable competitive shield. The research demonstrates that digital orchestration can effectively mitigate the "Triple Squeeze" by substituting capital-intensive growth with resource-intensive agility.

7.2 Managerial and Policy Implications

Managers should prioritize "Niche Width" over a mass-market scale, utilizing digital assets to activate local resources that generalists ignore. For policymakers in regions like Yunnan and Guizhou, the focus should shift from merely providing financial subsidies to building a Digital-Cultural Infrastructure. By supporting the "Digital Silk Road" and enhancing the digital literacy of local ICH artisans, governments can facilitate a more resilient and sustainable entrepreneurial ecosystem.

8. Future Recommendation

Future research should transition from exploratory conceptual frameworks toward empirical validation through quantitative or mixed-method approaches, utilizing the proposed resilience formula to conduct longitudinal surveys across a broader sample of regional SMEs to establish precise survival benchmarks. Furthermore, comparative studies in other global ethnic clusters (e.g., Arctic indigenous regions or Southeast Asian hubs) would determine if the identified digital bricolage mechanisms are universal or contingent upon China’s specific "Digital Silk Road" infrastructure. Scholars are also encouraged to investigate the integration of advanced technologies like Generative AI and Blockchain in securing the provenance and automating the recombination of ICH assets, while simultaneously conducting longitudinal evaluations of the potential tension between digital commodification and cultural authenticity over long-term horizons.

9. Limitation

The primary limitation of this study lies in its reliance on secondary desktop research, which, while providing a transparent audit trail of strategic behavior, fails to capture the internal

psychological nuances and intra-organizational tensions of the entrepreneurial decision-making process. Additionally, the study is subject to "Survival Bias" by focusing on successful firms that crossed the five-year threshold, potentially overlooking the critical failure points of startups that attempted but failed to implement digital bricolage. Furthermore, the findings are constrained by the unique institutional and infrastructural context of China, where aggressive state support for digital connectivity may limit the generalizability of results to other developing regions characterized by a significant digital divide. Finally, the research focuses predominantly on external strategic alignment, leaving the intra-organizational dynamics and the complex transition from improvisational bricolage to professionalized scaling largely unexplored.

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Conflict of Interest
The authors declare that there is no conflict of interest regarding the publication of this paper. All data utilized in this study were retrieved from public domain records, and no financial ties exist between the authors and the commercial entities mentioned herein.

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