

Understanding Chinese Luxury Customers' Sentiment in 2025

and Preparing for the Future



A CXG Report

About the Authors



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Christophe Caïs is the founder and CEO of CXG, a leading global customer experience consulting and transformation agency for premium and luxury brands. Truly international in his perspective, Christophe has lived and worked in France, China, the UK, Spain, and the United States, and today, in the UAE.

Christophe regularly contributes to key publications, including Forbes and Luxury Daily. As a keynote speaker and a CX expert, he often shares luxury insights through key industry forums such as the EY Luxury Business Day and China Connect.

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Carole Vienne

Carole Vienne is a distinguished expert in the luxury sector and a seasoned researcher at CXG. She currently holds the position of Executive Vice President of Customer Insights and has been leading it for over 8 years.

Beyond the mere data, Carole excels in translating consumer insights into potent and actionable business recommendations. Her expertise shines through her strong focus on international research and strategic thinking. Carole plays a pivotal role in assisting luxury and premium brands in making well-informed decisions. Before joining CXG, Carole held the position of Research Director at GfK for over a decade.



Silvia Coleman

Silvia Coleman is the VP of Thought Leadership at CXG. She is a former investment banker and financial analyst with deep expertise in the luxury space, having covered both the public luxury sector and advised brands on strategic and business development issues in the private luxury sector.

Prior to joining CXG, she worked for PricewaterhouseCoopers Securities, Shattuck Hammond Partners and Threadstone Partners. She has lived and worked in Europe, South Africa and the US and brings a truly global perspective to her work. She holds a BComm (Hons) in Finance from the University of Natal, South Africa, a Diploma in Fashion Design from Parsons School of Design, and a Masters in Management (ALM) from Harvard University.



Georges Al Feghali

Georges Al Feghali heads CXG's Transformation and Consulting Practice, advising senior decision-makers on global and regional transformation and growth. He has extensive experience in management consulting and previously held managerial positions at consulting firm Strategy& (formerly Booz & Company) and at international groups. He also served as an external advisor to Bain & Company.

An alumnus of Insead, Columbia University, and Centrale Supélec, Georges is also a mentor for emerging entrepreneurs at Endeavor.

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Introduction



1- Introduction:

A Snapshot of The Chinese Luxury Market in A Global Context

The Chinese luxury market, valued at approximately CNY 800 billion (USD 110 billion) in 2025, has experienced significant fluctuations in recent years. After a 10% contraction in 2022 due to pandemic-related lockdowns, the market rebounded with 15-20% growth in 2023, only to face an 18-20% decline in domestic luxury spending in 2024.

According to Bain & Co's most recent estimates the global luxury industry is expected to experience a 2-5% decline in sales revenues due to increased turbulence driven by economic pressures, price fatigue and a perceived lack of product innovation among customers. The high degree of turbulence and uncertainty in the markets impacts the visibility on growth expectations globally and in China in the years beyond.

Aside from the impact of tariffs on luxury spending, the Chinese luxury market has also been marked by a high degree of polarization and divergence in terms of 2024 financial performance between different luxury brands, further making it difficult to predict the full extent of the recovery for the luxury market as a whole when the rebound happens.

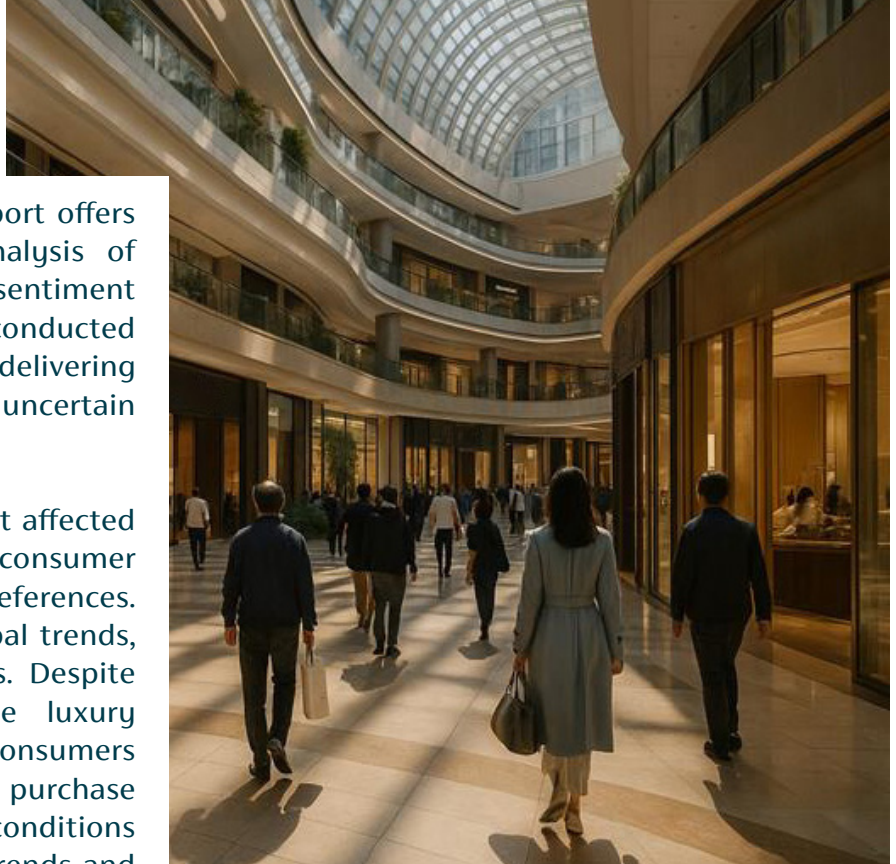
Today, China's luxury market exists within a complicated global economic landscape.

Consumer sentiment has been affected by several factors, including real estate market struggles, rising unemployment (particularly among youth), and international currency fluctuations. Inflationary pressures resulting from tariffs are the latest disruptor to add to the malaise and uncertainty of the Chinese consumer.

These factors continue to collectively influence purchasing behaviors and preferences among Chinese luxury consumers, resulting in a significant slowdown primarily driven by reduced domestic spending and increased tourist spending abroad.

However, certain trends have clearly crystallized from our research and our market experience in the region: a strong preference for **lifestyle and experience** driven luxury spend, a focus on value proposition driven by increased price sensitivity, delayed gratification and a focus on the future with **health and wellness**, education and longevity taking center stage.

A desire to buy domestic luxury brands, continued travel and tourism (amid which spending on luxury outside of mainland China continues), and a clear focus on **in-store shopping** over online consumption (driven Gen Z especially), remain critical pillars of future luxury consumption.



With this context in mind, CXG's report offers a comprehensive and in-depth analysis of Chinese luxury consumers' current sentiment and behavior. It is based on research conducted by CXG end of Q4 2024 and Q1 2025, delivering impactful insights to navigate this uncertain landscape.

The findings reveal a complex market affected by economic uncertainty, changing consumer priorities, and evolving cultural preferences. While many findings align with global trends, there are certainly cultural nuances. Despite economic headwinds, the Chinese luxury market remains resilient, with consumers demonstrating a strong desire to purchase luxury goods once economic conditions improve. The report highlights key trends and provides strategic recommendations for luxury brands targeting the Chinese market.

Research Methodology

CXG conducted 248 online interviews with mainland Chinese citizens. Respondents included:

- = 67% women and 33% men
- = Age distribution: 13% (18-25 years), 66% (26-40 years), 22% (41-60 years)
- = Geographic distribution: 60% from Tier 1/Emerging Tier 1 cities, 40% from Tier 2/3 cities
- = Monthly household income: 6% (20,001-30K RMB), 43% (30,001-50K RMB), 51% (>50K RMB)
- = All respondents had purchased luxury goods within the past 12 months

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Key Findings



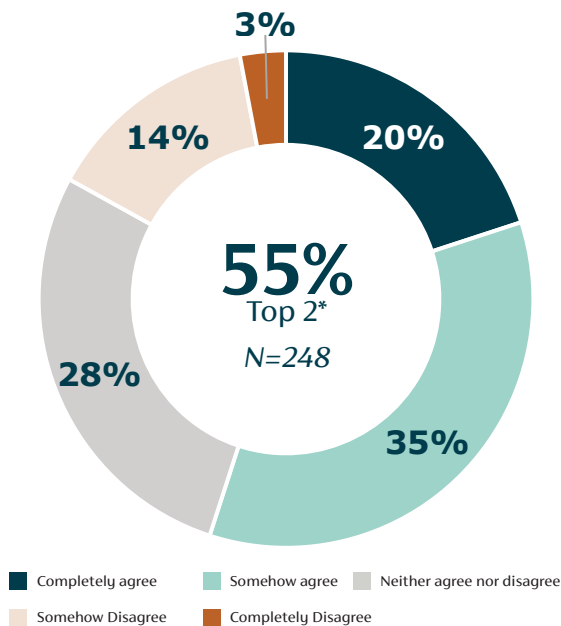
Key Findings

1. Economic Uncertainty and Consumer Sentiment: Consumers are Delaying Gratification and Planning for the Future

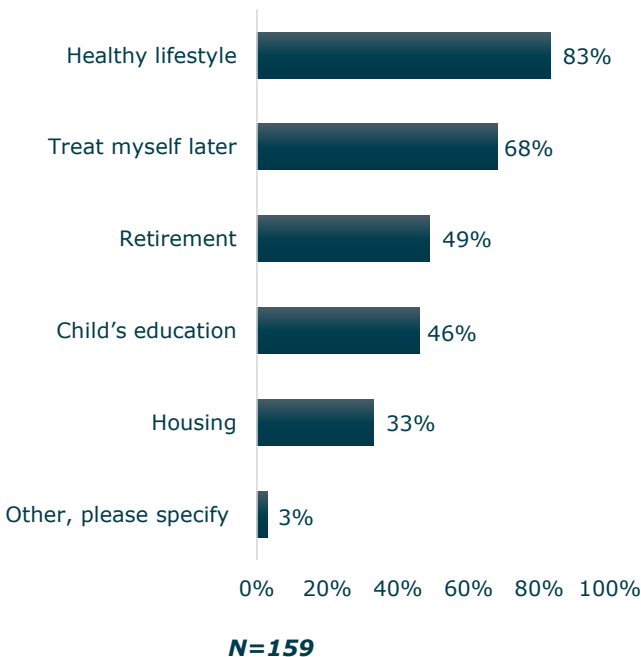
Chinese consumers are displaying increased caution regarding spending amid economic uncertainty. Our research indicates that only **55% of respondents expressed confidence about China’s economic recovery**, a significant drop from 83% in 2023. The struggling real estate market has particularly impacted consumer sentiment, with **72% concerned about falling house prices and asset depreciation**. Additionally, **35% worry about unemployment affecting themselves or family members**, reflecting the broader economic anxiety.

This cautious outlook has translated into changed financial behaviors, with **64% of respondents reporting they tend to save more money than in the past two years**. The primary motivations for this increased saving include maintaining a healthy lifestyle (83%), future gratification (68%), retirement planning (49%), and children’s education (46%), indicating a strategic approach to financial management during uncertain times. The focus in spending is clearly on building for the future versus in-the-moment gratification.

I am confident about China’s economic recovery



What is your purpose of saving money?

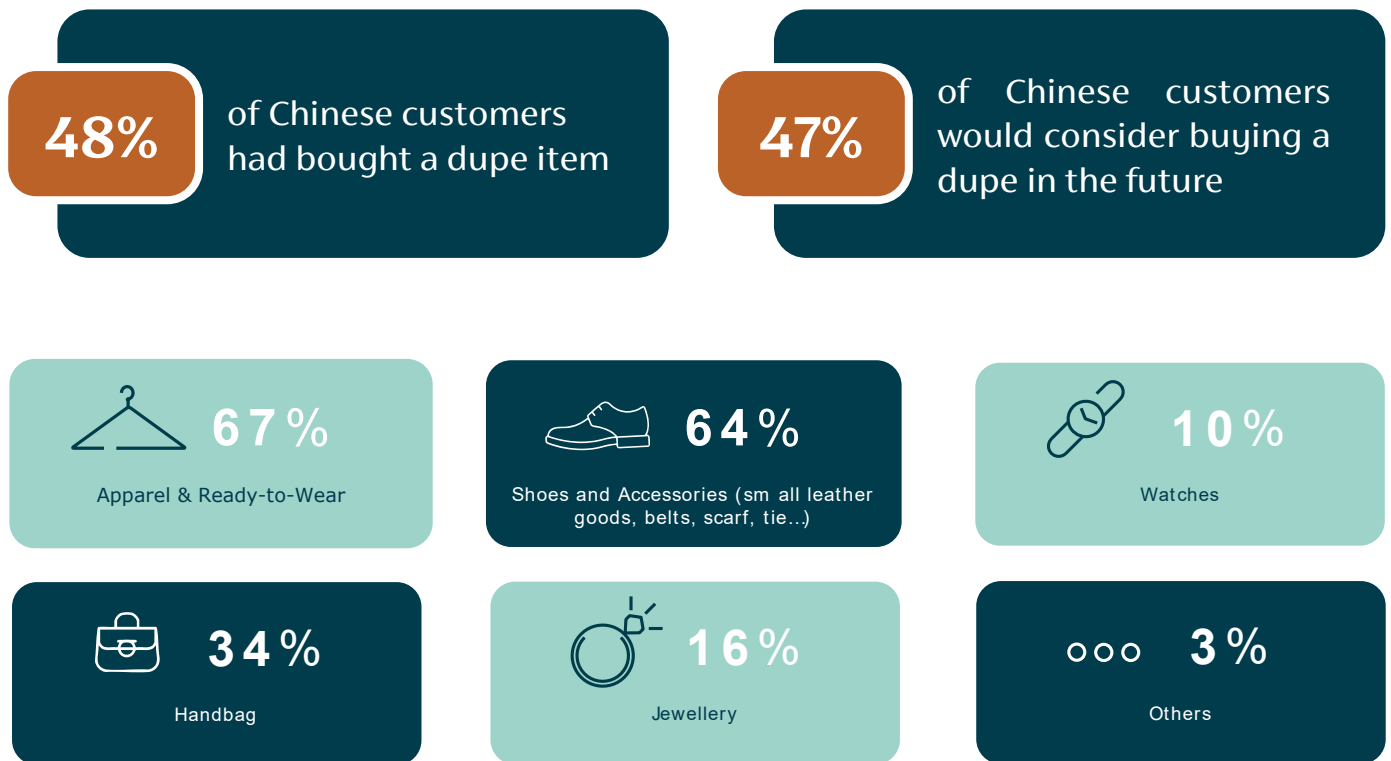


// The focus in spending is clearly on building for the future versus in-the-moment gratification.

2. Changing Consumption Patterns: Price Sensitivity and Value Proposition Drive Choices

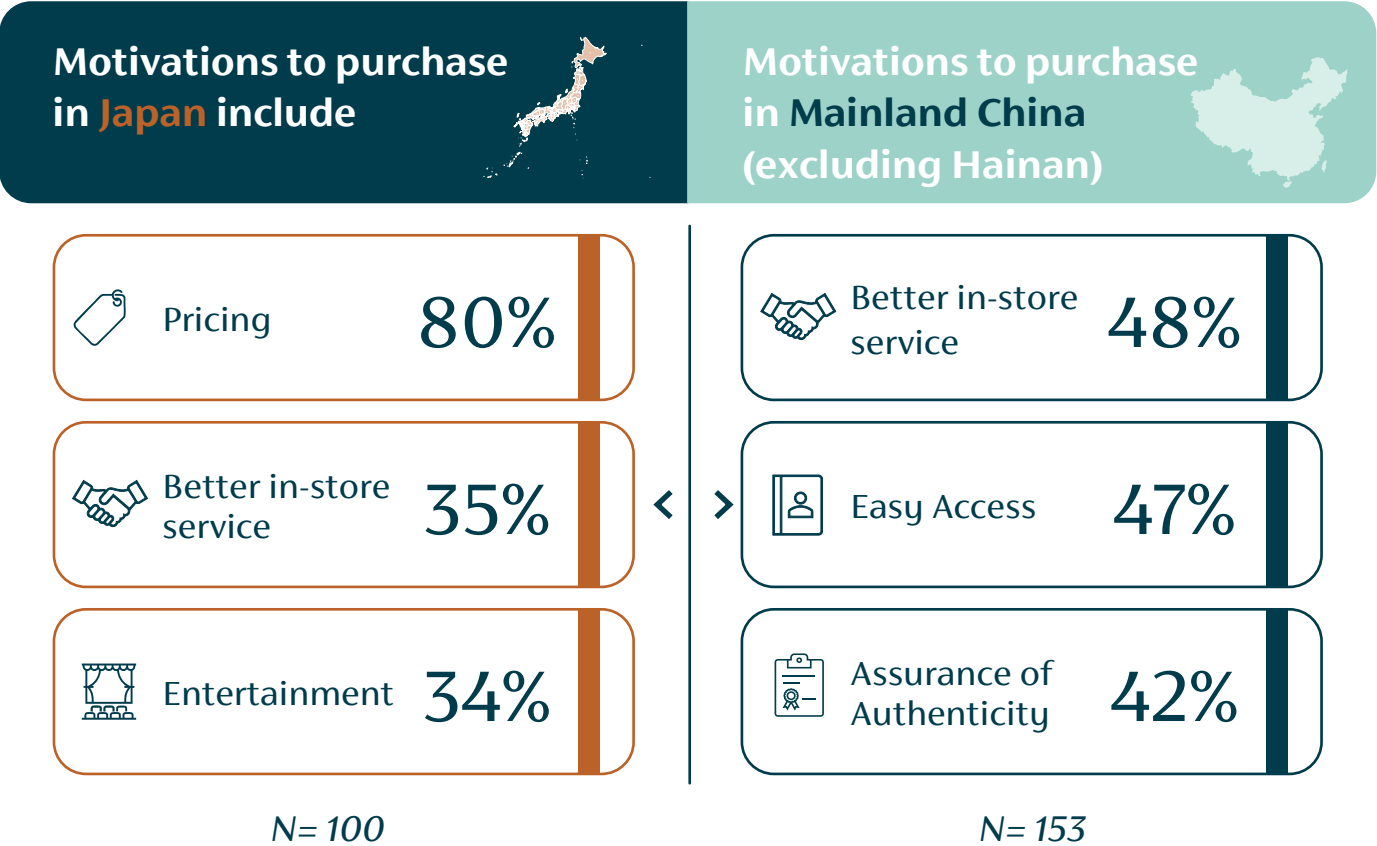
The economic uncertainty has driven notable changes in luxury consumption patterns among Chinese consumers. Price sensitivity has become increasingly prevalent, **with 50% of respondents indicating that recent price increases deter them from purchasing luxury goods more frequently, and 54% reporting they always check for discounts or best prices before making luxury purchases.**

This price consciousness has led to the growing popularity of “dupes” (lower-priced imitations of luxury products), with 48% of respondents having purchased such items and 47% expressing willingness to consider them in the future, particularly for apparel (67%) and accessories (64%). Dupes represent a serious disruptor not just in the luxury segment but also in the premium segment.



International shopping has also emerged as a key strategy for value-seeking consumers. With the depreciation of the Japanese Yen, Japan has rapidly become a favored destination, with 40% of respondents preferring it for luxury purchases (a dramatic increase from just 8% in 2023), and 80% citing pricing as their primary motivation.

Other preferred shopping destinations include mainland China (62%), Hong Kong (53%), and Hainan (28%), with each offering different advantages in terms of pricing, variety, and shopping experience.



3. The Rise of Chinese Luxury Brands: Domestic Brands Deliver Cultural Meaning and Quality

While Western luxury brands still dominate in terms of prestige and desirability, Chinese luxury brands are gaining significant traction in their home market. This is a trend that has been part of the fabric of luxury consumption in China for a while but has been gaining even more ground in recent times due to macroeconomic pressures. **Our research reveals that 52% of respondents believe Chinese brands offer**

better value for money than Western brands, and 45% find them more affordable. Perhaps most significantly, **72% appreciate how Chinese luxury brands reflect local culture and heritage**, indicating that cultural relevance is a key competitive advantage. Interestingly, motivations for purchasing Chinese luxury brands vary substantially by generation. The generational

differences in motivations for domestic brand consumption showcase some interesting divergent tendencies: Gen Z consumers (18-25) are primarily driven by affordability (56%) and accessibility (44%), reflecting their pragmatic approach to luxury. Millennials (26-40) value cultural relevance the most (75%) followed by affordability (36%), while Gen X (41-60) demonstrate the strongest cultural connection, with 86% citing cultural relevance as their primary motivation for purchasing Chinese

luxury brands, with all other factors lagging far behind. This generational divide suggests that Chinese luxury brands may need different strategies to appeal to different age groups within the market. Demographically speaking, the proportion of customers believing that Chinese luxury brands have a much more high-end image and convey much greater desirability, is significantly higher in Tier 2 and Tier 3 cities, than in Tier 1 and emerging Tier 1 cities.

Beyond affordability, Chinese consumers, particularly older ones, prioritize **Chinese luxury products** for their **integration of Chinese culture and heritage**.

72%

Luxury Chinese brands better reflect Chinese culture and heritage

37%

Same quality as Western brands, but with more affordable price

24%

We can easily find this brand where I live

19%

Chinese luxury brands are more innovative than international luxury brands

4. Shifting from Products to Experiences:

Driven by Gen Z and in Line With Global Trends

A notable trend among Chinese luxury consumers is the shift from product acquisition to experiential consumption with a focus on

health and wellness, travel and entertainment, particularly among younger demographics.

Our research shows that categories expected to see increased spending include well-being and healthy lifestyle products (53%), luxury travel experiences (49%), and entertainment (34%). Travel has emerged as a particularly strong category, with 62% of respondents having engaged in vacation or leisure travel in the past 12 months, and 49% planning to increase their travel spending in the coming year. Hot spots like Hong Kong (53%), Japan (40%), Hainan (28%), and Macau (19%) continue to be the favored travel destinations.

A more nuanced analysis reveals that aside from attractive pricing, the main motivators for travel to Japan and Hong Kong, are experiential aspects,

like in-store service and entertainment (35% and 34% respectively) in the case of Japan and more extensive brand offering and entertainment (53% and 36%) in the case of Hong Kong. This preference for experiences over products is even more pronounced among Gen Z consumers, with 58% planning to increase spending on well-being products, 52% on luxury travel experiences, and 48% on entertainment. This shift reflects a broader global trend toward valuing experiences and personal well-being. Still, it appears to be accelerating in the Chinese market, particularly among younger consumers who may be redefining what luxury means to them.

When it comes to preferred shopping destinations, Mainland China, Japan, and Hong Kong remain favorites among Chinese customers. Hainan is now lagging in popularity.



5. The Future of Chinese Luxury Consumption:

The Relationship with Luxury, a Preference for In-Store Shopping and Room for Improvement

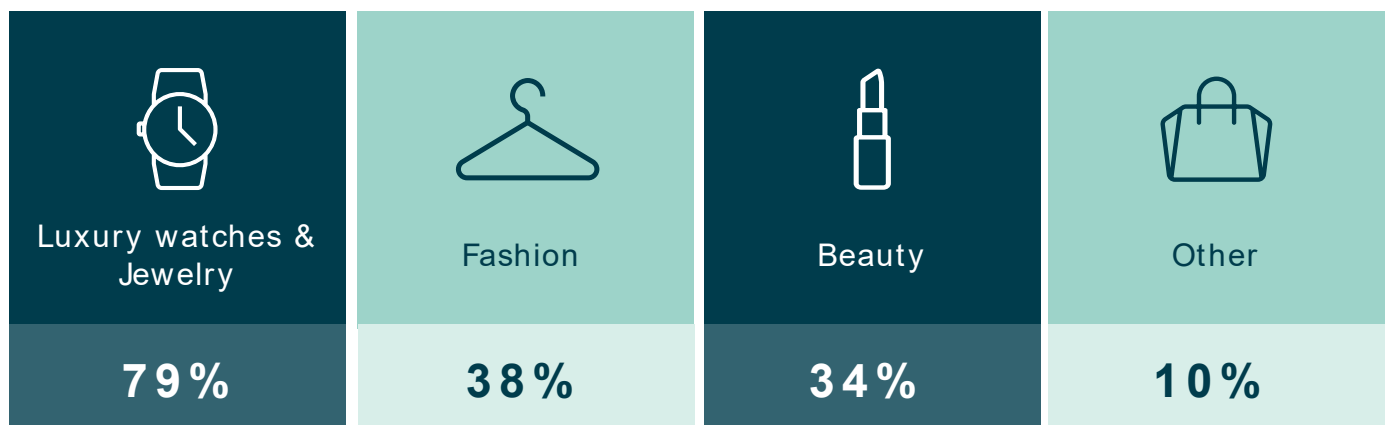
Fundamentally, Chinese luxury consumers are motivated by self-reward, a luxury-driven confidence boost and self-expression and feeling good about oneself. These are major factors driving luxury consumption. In tier 2 and tier 3 cities, the feeling that shopping for luxury delivers a sense of success and “having arrived” is much more pronounced than in tier 1 cities. This is psychologically important to understand for brands when designing marketing and branding strategies as well as training staff to deliver experiences. While there has been a significant pullback in luxury consumption and Chinese consumers are in a holding pattern until the economy improves, **81% state they look forward to purchasing a luxury good once the economy improves, with luxury watches and jewelry being the main category to indulge in.**

Despite the digital transformation of retail, Chinese luxury consumers are showing a renewed appreciation for in-store shopping experiences.

Across most luxury categories, respondents report they will prioritize online shopping less than before, preferring the tactile, immersive experience of physical retail. On average, consumers strongly prefer in-store shopping for items priced above 15,000 RMB, suggesting that higher price points warrant a more personalized shopping experience. However, the research also indicates significant room for improvement in retail experiences across the luxury sector.

Advocacy scores vary widely across different luxury categories, with the best performers achieving scores of 73-75%, while laggards score as low as 23-36%. This disparity suggests that the quality of retail experience remains inconsistent, presenting both a challenge and an opportunity for luxury brands to differentiate themselves through superior customer service and more engaging in-store experiences.

If you would like to treat yourself, which of the following luxury categories would you choose to purchase?





Strategic Recommendations:

How Brands Should Respond



Strategic Recommendations: How Brands Should Respond

As a result of the research findings and considering the luxury landscape in China the following recommendations provide a roadmap to navigate a highly uncertain and shifting economic landscape. A successful roadmap is based on holistically addressing the four critical areas including economic shifts, experiential luxury, cultural relevance and customer-centric approaches, and proactively designing solutions and business approaches:

1. Focusing on Experiential Components of Luxury

Multi-Sensory Retail Environments: Create immersive brand experiences that engage all senses, such as in-store exhibitions, artistic installations, and interactive digital elements that transform shopping into memorable events.

Luxury Experiences and Activations: Develop luxury offerings and activations that authentically engage with customers and build communities. Loewe's tapping into the cycling trend, Longchamps creating

the Vegetable Garden activations in keeping with the campaign are perfect examples.

AR/VR Engagement: Leverage advanced technology to allow consumers to virtually try products, attend fashion shows, or participate in brand events remotely, creating meaningful digital touchpoints. Cartier and Boucheron are perfect examples.

2. Maintaining Cultural Relevance and Responding to Customer Segments

Chinese Heritage Collaborations: Partner with recognized Chinese artists, designers, and cultural institutions to create collections that authentically reflect Chinese aesthetic traditions while maintaining contemporary appeal. Loewe's collab with Deng Xiping on a ceramic collection and Hermes' collaboration with Dong Song on the "Windows within Windows" campaign also illustrate this beautifully.

Generational Targeting: Craft distinct approaches for different age groups—emphasizing cultural symbolism for Gen X and Millennials while focusing on accessibility and unique experiences for Gen Z. The handbag brand Songmont is a very good example of customer segmentation targeting.

Culturally-Informed Storytelling: Develop marketing narratives that resonate with Chinese cultural values around family, achievement, and heritage, with special attention to regional differences in cultural preferences. Duanmu and Erdos are brilliant examples in execution.

3. Focusing on Customer-Centric Approaches, Targeted Customization and Personalization At Scale

AI-Powered Personalization: Employ advanced data analytics to anticipate customer preferences, create tailored recommendations, and deliver personalized communications that acknowledge the customer's history with the brand.

Heritage Storytelling: Strengthen emotional connections through immersive presentations of brand heritage that emphasize craftsmanship and timeless quality, positioning luxury purchases as investments rather than expenditures.

Exclusive Private Shopping Experiences: Offer appointment-only sessions with expert stylists in intimate settings away from crowded retail environments, including at-home consultations for high-value clients.

4. Leaning into the Human Connection: Developing High-Quality Front-Line Teams

Cultural Fluency Training: Invest in comprehensive training programs that develop deep understanding of Chinese cultural nuances, regional differences, and evolving social trends.

Team Collaboration Systems: Implement technologies and protocols that foster seamless collaboration between client advisors, allowing for consistent customer experience regardless of which team member is providing service.

Client Relationship Mastery: Cultivate sophisticated relationship-building skills that emphasize authentic connection over transactional selling, including in-depth product knowledge and storytelling abilities.

Empowerment Frameworks: Create decision-making frameworks that allow front-line staff to provide personalized solutions and exceptions to policies when appropriate, enhancing the feeling of special treatment.

Conclusion





Conclusion

Despite economic challenges, the Chinese luxury market is showing **significant potential for growth with many consumers ready to resume spending when macroeconomic conditions improve**. As consumers' relationship with luxury continues to evolve, with a greater emphasis on meaningful experiences, cultural relevance, and value, luxury brands must remain focused on delivering quality experiences and products.

Luxury brands that can adapt to these changing preferences while maintaining their exclusivity and craftsmanship will be well-positioned to succeed in this dynamic market.

As Chinese consumers look forward to purchasing luxury goods once economic

conditions improve (81% expressed this intention), brands should remain focused on **creativity, quality and craftsmanship**. The key is also to maintain engagement and loyalty with the aspirational segment while the spending pullback lasts to prepare for the **inevitable recovery**. By focusing on creating meaningful connections through experiences, cultural relevance, and personalized service, luxury brands can build lasting relationships with Chinese consumers across generations even when the economic context is not optimal. **Providing meaningful, immersive and customer-centric experiences** leveraging the power of frontline teams in store is key to achieving to this goal.

We are CXG

CXG is a leading data-driven consulting and solutions provider specializing in innovative strategies to elevate **customer experiences** and optimize the performance of **premium and luxury brands**. With years of expertise from partnerships with over 220 iconic luxury brands, we guide our clients through every step of their **Customer Experience and Employee Experience** journeys, delivering insights and driving impactful change.

We understand that customer needs are constantly evolving, and our tailored solutions are designed to meet these dynamic demands, making us the ultimate one-stop-shop for all CX transformation needs.

We Advise

Our Strategy and Transformation approach offers pragmatic strategies and tailored solutions to address the unique CX challenges of luxury brands, driving meaningful transformation and lasting impact.

Customer Experience (CX) Strategies, Employee Experience (EX) Strategies, Customer Journey Mapping, Signature Experience Design and more.

We Research & Measure

Our CX research and measurement turn customer insights and feedback into actionable strategies that enhance experiences and boost customer satisfaction.

Customer Insights, CX Measurement, Voice of Customer (VoC), Voice of Team (VoT), Market Trends, Competitor Benchmark, Pricing Intelligence, Omnichannel Journeys and more.

We Train

Our bespoke training, workshops, and coaching empower teams to deliver personalized, high-performance experiences, turning interactions from transactional to meaningful moments.

Selling Skills, Clienteling, Signature Experience Activation, Retail Assessment, Retail Management/ Leadership, Emotional Engagement, CX Mindset, and more.

Founded in 2006 in China, CXG has grown into a global powerhouse, with 12 offices (including one IT hub in Tunis) serving 85 countries and a team of more than 260 professionals. Through its expanding network of customer experience experts—comprising evaluators, learning consultants, and strategic advisors—CXG empowers luxury brands to elevate their experiences worldwide with a localized approach.



12
Offices/1 IT hub

85
Countries

260+
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