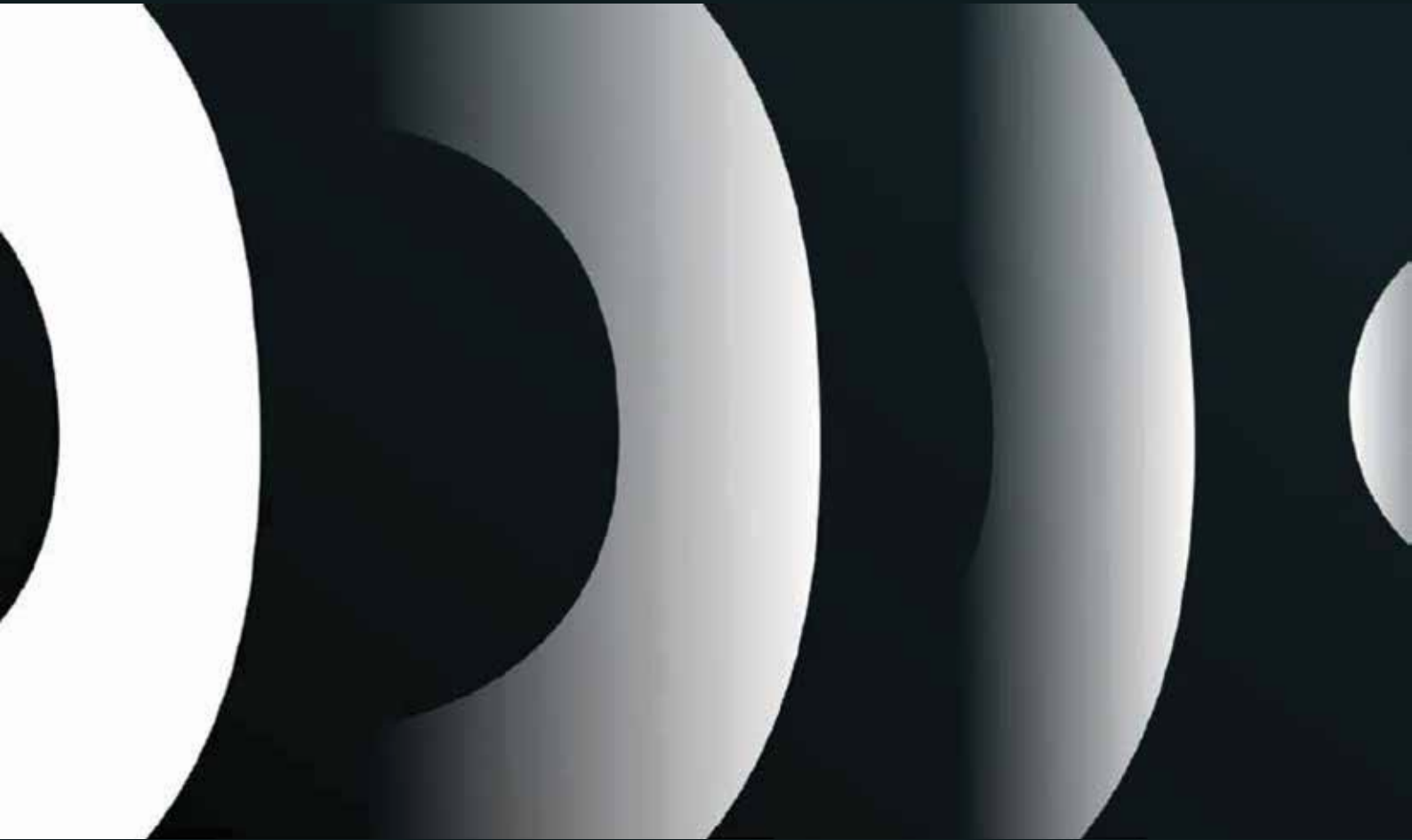


INSIGHTS:

China's Luxury
Reset: What we're
seeing on the
ground and why
it matters



INSYNC

Some of the most valuable insights don't come from models - they come from being on the ground.



These observations are drawn from Insync's senior analyst walking Shanghai's, Beijing's and Shenzhen's malls and street retail, visiting stores, and speaking directly with founders, operators and industry experts. What they point to is not a cyclical slowdown in luxury, but a structural reset in how Chinese consumers think, behave and spend.

A subtle shift - > but a powerful one

What stands out immediately is **how consumer signalling has changed**. Where luxury in China was once centred on visibility and overt status, it is increasingly expressed through discretion and utility or lifestyle alignment.

What I mean is rather than logo-driven consumption, there is a shift toward products that signal:

- > function
- > performance
- > lifestyle alignment

The rise of brands such as Arc'teryx, Salomon and even the buying of local gold jewellery instead of just chasing western hard luxury names.

From transaction > experience

The second shift is where and how consumption is happening. On the ground:

Luxury malls > quiet, even on weekends

Street-level precincts > busy, social, experiential

Retail is evolving into something broader:

- > Fashion + cafés
- > Art + culture
- > Discovery + community

Luxury is no longer just about buying a product - it's about participating in a lifestyle.

The rise of local brands (Guochao)

At the same time, domestic Chinese brands are gaining real momentum. The “Guochao” movement now reflects a broader shift beyond just cultural identity:

The “Guochao” movement reflects:

- > Cultural confidence and local storytelling
- > Emotional resonance with younger consumers

- > Stronger product quality and innovation
- > Faster speed-to-market and digital-native engagement

These brands are not imitating the West - they are building something distinct. And importantly, this is happening alongside a broader shift: A more self-sufficient Asian fashion ecosystem, with growing intra-regional trade. This reduces reliance on Western brands and reshapes the competitive landscape.

Western luxury: adapting, but reacting

Western brands are responding with:

- > Larger, more experiential flagship stores
- > Cultural activations and exhibitions
- > Greater localisation

But the key question remains: **Can brands built on external validation win in a market now driven by internal identity?**



The macro backdrop matters

These behavioural shifts are being reinforced by:

- > Weaker consumer confidence (property downturn)
- > High savings rates
- > Changing attitudes to work and consumption

Consumers are becoming:

- > More selective
- > More thoughtful
- > Less driven by impulse or status

The Investment Lens

This is not just about whether luxury demand rebounds. It's about where value accrues next.

The winners are likely to be those that:

- > Build cultural relevance, not just brand awareness
- > Deliver experiences, not just products
- > Embed within local ecosystems, not global templates

Bottom Line

China remains one of the **most important consumer markets globally**. But the model that worked for the past 20 years is being rewritten:

- > From **status** > **substance**
- > From **global aspiration** > **cultural identity**
- > From **scale** > **relevance**

The shift is gradual but deeply structural.

And in markets like this, the edge comes from recognising that change before it shows up in the numbers.

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