



China Chic:

The Emergence of Chinese Luxury Brands

February 2022





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1. How Chinese consumers define luxury in China

Today in China, luxury means self-expression, self-actualization and community-building

Younger Millennials and Gen Z are changing the definition of luxury in China, making luxury goods shift from being signals of social status to becoming instruments of self-actualization, self-expression and community-building.

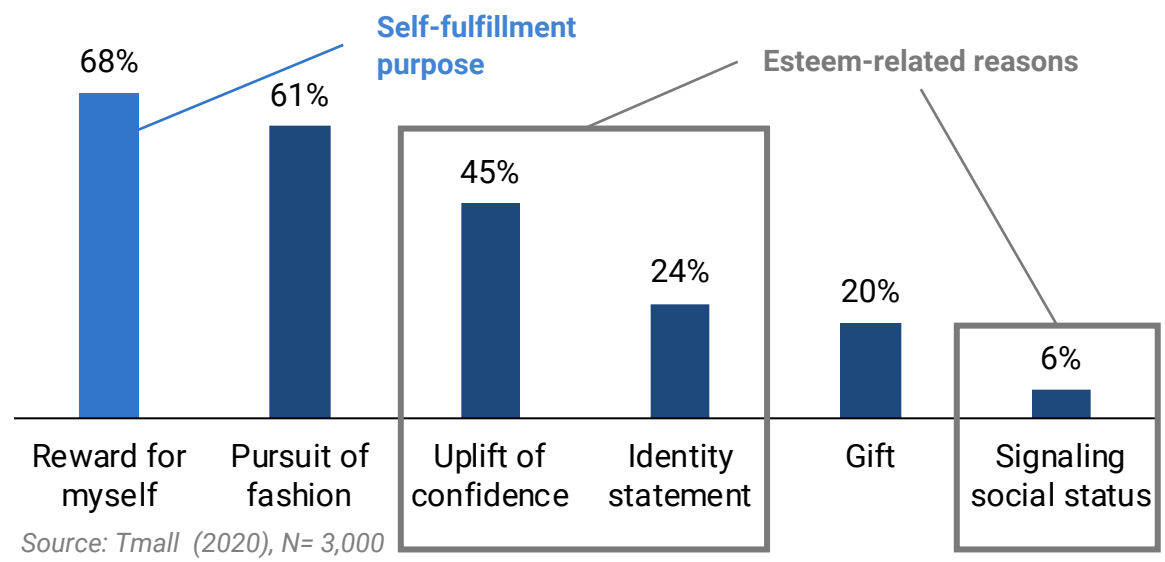
Elder generations used to consider luxury as mainly a symbol of **high social status and opulence**. However, as younger generations impose themselves as the main drivers of luxury consumption, the definition of luxury in China is gradually evolving.

Top 3 defining features of luxury goods by age group

Baby Boomers	Millennials	Gen-Z
1. Price	1. Price	1. Price
2. Signaling a high-end lifestyle	2. Profound history	2. Unique design aesthetics
3. Profound history	3. Unique design aesthetics	3. Profound history

Source: Mazars (2019), N=3,235

Chinese Gen Z's main reasons for purchasing luxury



Today, young Chinese consumers regard luxury as a means to **reward and express themselves** in a more elevated and upscale way. Even though luxury goods are likely to be still important in signaling a high-end lifestyle, Gen Z are more eager to **share, talk about and discover** their luxury experience, thereby **building a community** of kindred spirits.

In the eyes of modern Chinese, luxury has become an experience, not a product

As luxury transforms into a method of self-care, the key elements of China's new concept of luxury become experience, innovation, customization and cultural sensitivity. Chinese consumers want more than just a product, they want an immersive luxury experience.

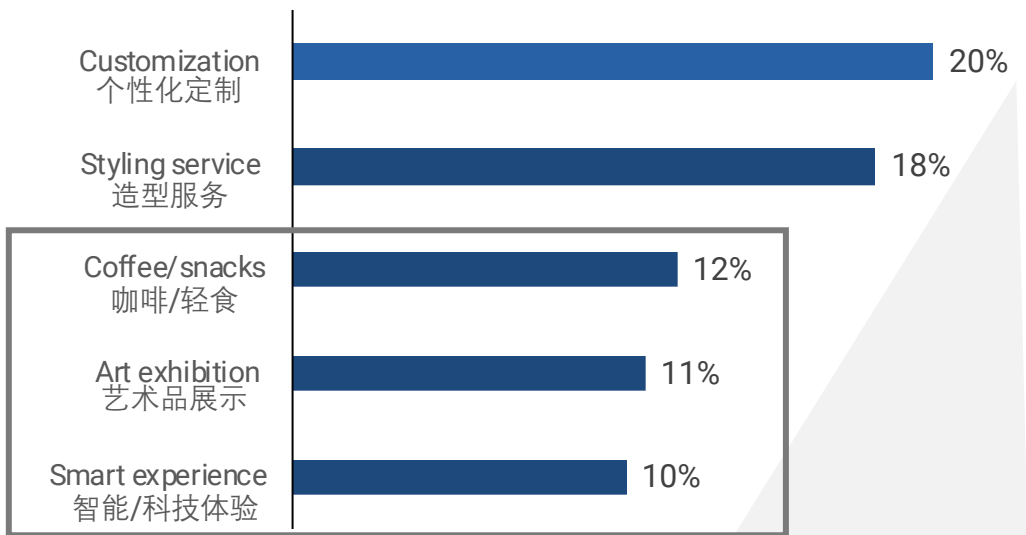
According to BCG, **experiential luxury** grew by 9% in China in 2017, imposing itself as one of the main drivers of growth of the luxury industry.

Nowadays **young Chinese consumers want to pamper themselves** through luxury experiences.

Young consumers crave a digital experience

New technologies and the integration of offline and online elements have become key features of China's new concept of luxury: young Chinese consumers do not want just to enjoy luxury experiences, they want to be able to share them on social media.

What additional service would you like to have in physical stores?



Source: Luxe.co x Peacebird, N= 3,000

For Millennial and Gen Z consumers, customization is not just a nice option, but a must-have, since customization allows them to express **cultural identity**. Therefore, it is an important **driver of purchase**.

Chinese consumers' customization needs have not been met yet

Foreign brands have not been able to meet Chinese consumers' needs to express their identity. Chinese consumers believe that local brands would have a deeper understanding of their taste through customization.

Luxury brands' customization services are still limited

DIOR French luxury goods company

Under My ABCDior services, consumers can personalize their bags, Mitzah scarves, and bracelets by adding special letters and symbols.



Source: Dior official website

LV French high-end luxury fashion house
LOUIS VUITTON



Neverfull MM My LV Heritage offers custom size, type as well as different stripes, internal colors, and the embroidery of customers' initials.

Source: Louis Vuitton official website

Some foreign brands like Dior have attempted to enhance their customization services. However, some netizens had a negative impression of the product.

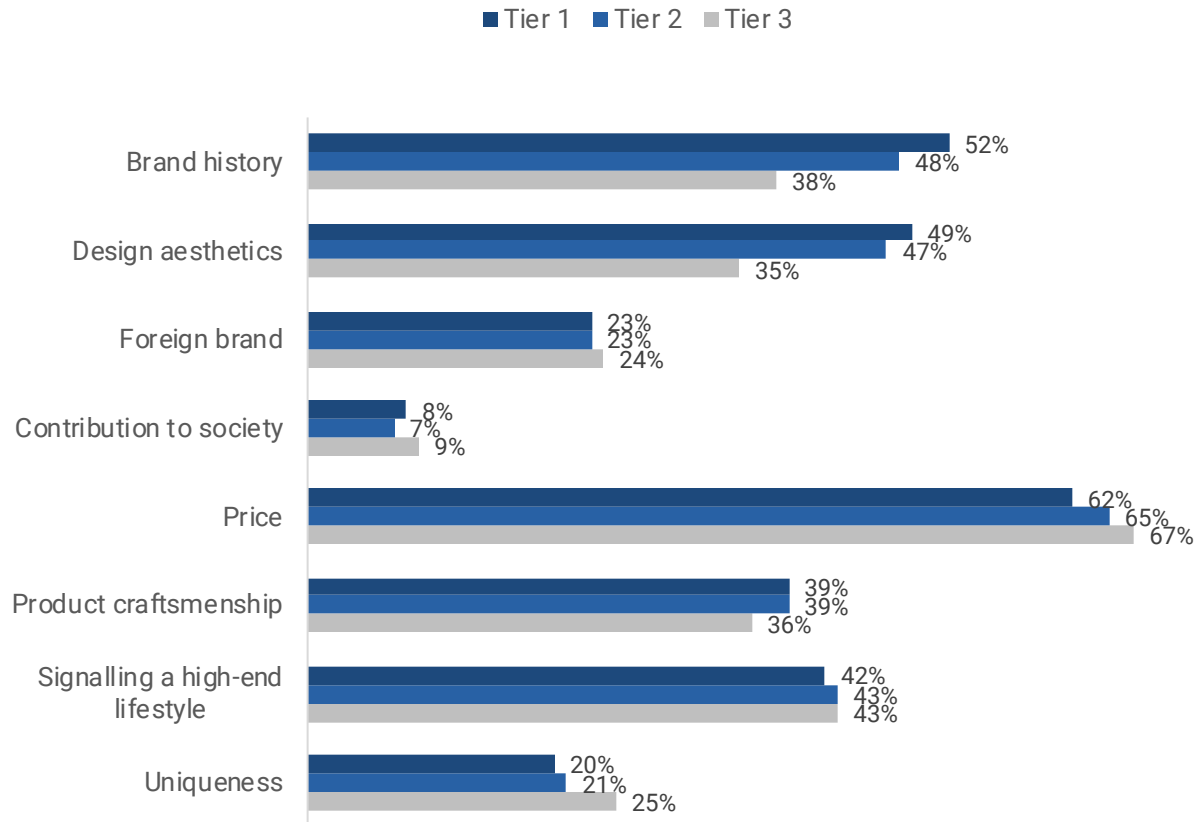


In May 2020, Dior released a limited-edition collection of its popular Book Tote and Diorcamp handbags, allowing customers to embroider Chinese characters on their items. However, Chinese netizens described the initiative as "weird", "cheap", and a "clumsy gimmick" to attract the local consumers.

There is not one definition of luxury but several across tier-cities

Even though most luxury consumers are in higher-tier cities, lower-tier cities still count for one-third and will push the emergence of different definitions and approaches of luxury.

Variance in the definition of luxury goods among 3 city-tiers



Luxury consumers in **Tier-1** and **Tier-2 cities** focus more on **brand connotations** like **history** and **design**, while luxury consumers in **Tier-3** cities give more importance to **intrinsic elements** of the products, such as **price**, the **origin** of the brand and whether it reflects a **high-end lifestyle**.

Source: Mazars (2019), N=3,235



2.

Chinese luxury brands are gaining momentum

Local history, culture, and craftsmanship shape Chinese luxury brands

According to surveyed Chinese consumers, what makes luxury brands “Chinese” resides in their essence rather than in their form: drawing from Chinese culture and history, employing local traditional craftsmanship and interpreting modern design with Chinese eyes are essential elements in defining Chinese luxury brands.

Definition of "Chinese luxury brand"

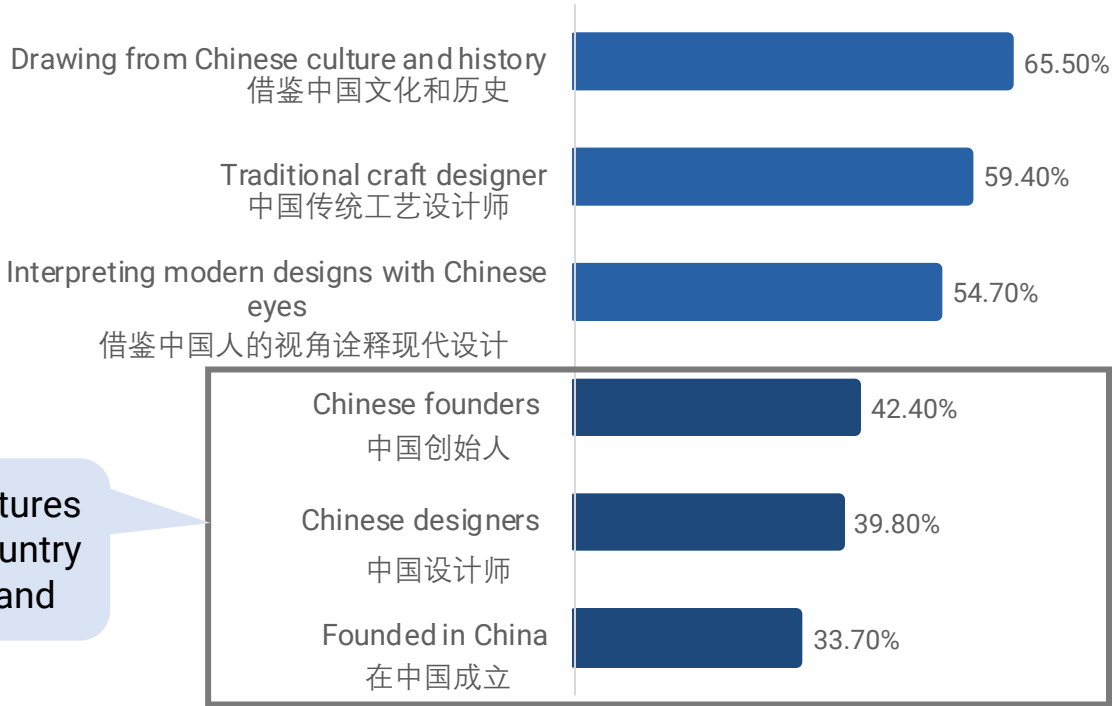
Brands draw from Chinese millennium-old history and culture and employ traditional craftsmanship techniques in order to interpret modern designs through a Chinese lens.

To be fully accepted by the Chinese public, it is of major importance that Chinese luxury brands adopt an **authentic Chinese perspective** and **avoid** infusing their creations and image with **Western orientalism**.



Traditional features defining the country of origin of a brand

Main features of a Chinese luxury brand

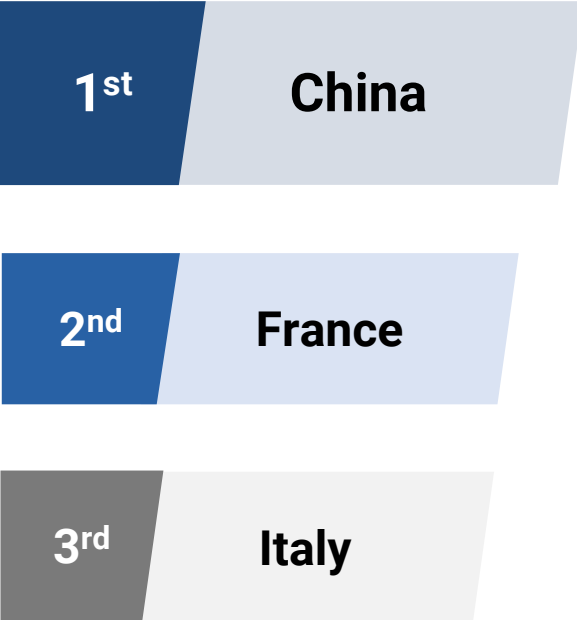


Source: Daxue Consulting (2022), N=1,000

Consumers display a keen interest in Chinese luxury goods

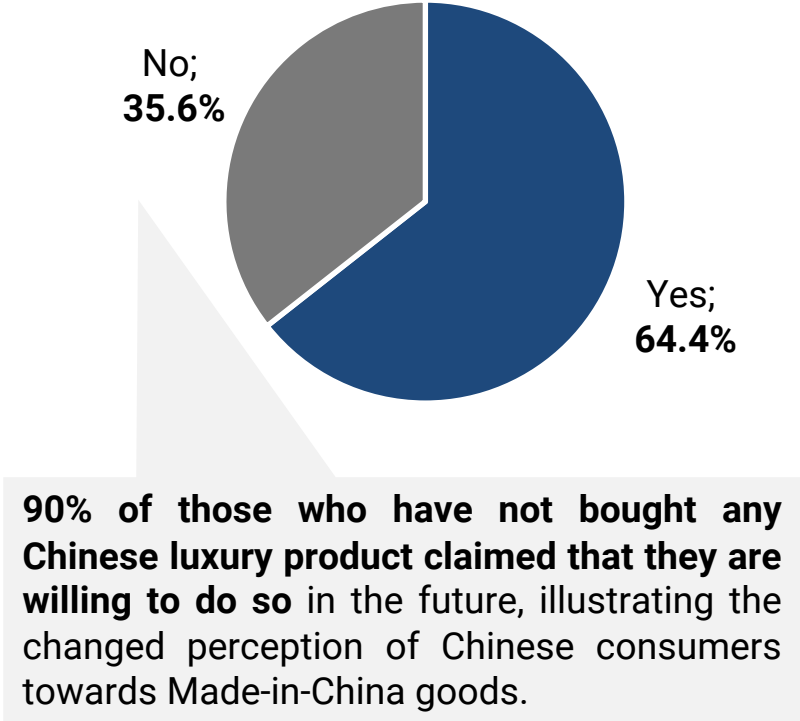
Chinese consumers have changed their perceptions towards luxury brands, one of these changes being how they now value Chinese elements more. Surveyed consumers bought Chinese luxury brands mainly because of their greater use of *Guochao* elements.

Surveyees are attracted to luxury brands from...



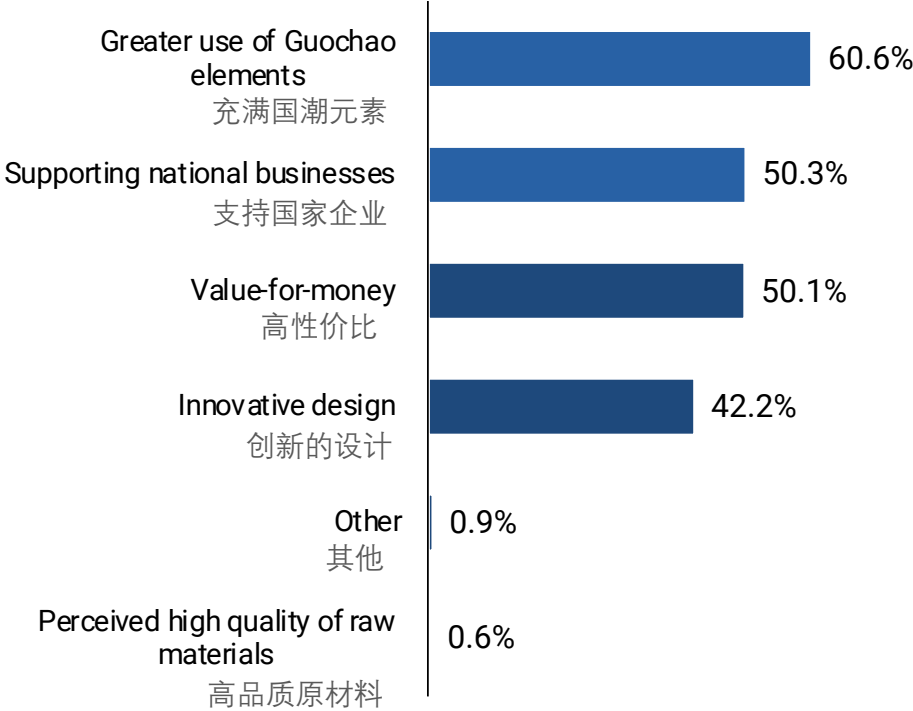
Source: Daxue Consulting (2022), N=1,000

Percentage of respondents who have previously purchased luxury products in China



Source: Daxue Consulting (2022), N=1,000

Reasons why respondents bought Chinese luxury goods

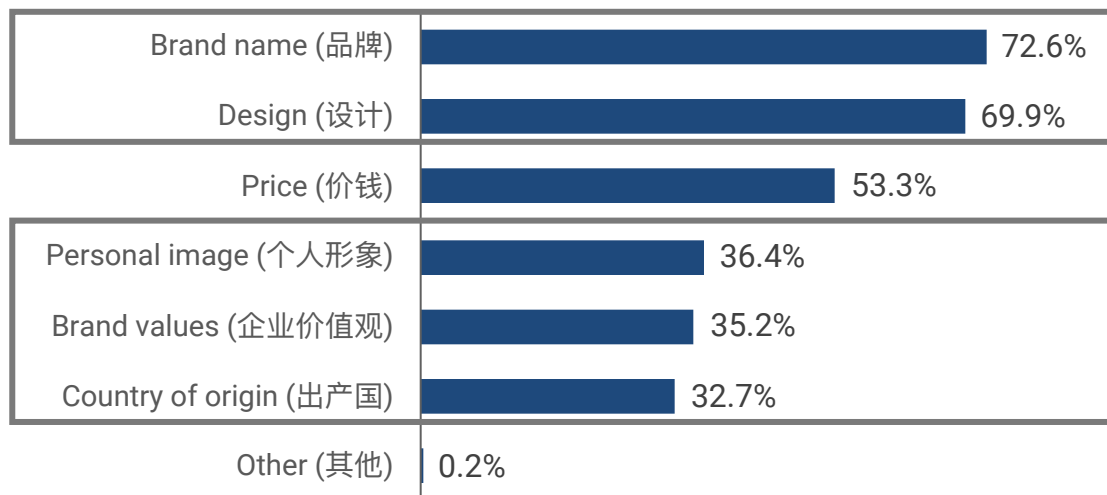


Source: Daxue Consulting (2022), N=1,000

Under the same conditions, Chinese consumers would rather buy Chinese luxury but ...

Although the design has become increasingly important in driving sales, the brand name is still the deciding factor as many Chinese luxury shoppers are first time consumers and prefer purchasing well-established international luxury brands. However, it does not mean that the buying behavior will persist once Chinese luxury brands acquire the same authority and prestige.

Main reasons for purchasing luxury items



Source: Daxue Consulting (2022), N=1,000

As according to Oliver Wyman **50%** of Chinese luxury shoppers in 2021 **were first-time luxury consumers**, it is likely that they want to **play it safe** and opt for popular international brands over lesser-known ones. Currently there is a **mismatch between intention and behavior**, showing that Chinese consumers do not equate local luxury brands with the same prestige, authority and perceived quality as foreign ones.

I would choose to buy Chinese luxury goods if the quality and price were equal to foreign ones

(若中国和外国奢侈品的品质与价钱一样，我会购买中国的奢侈品)



Agree

84.6%



Neutral

15.0%



Disagree

0.4%

If the quality of Chinese and foreign luxury goods were the same, I would buy foreign goods even if it costs more

(若中国和外国奢侈品的品质一样，即使外国的更贵，我也会购买外国的)



Agree

0.2%



Neutral

18.5%



Disagree

81.3%

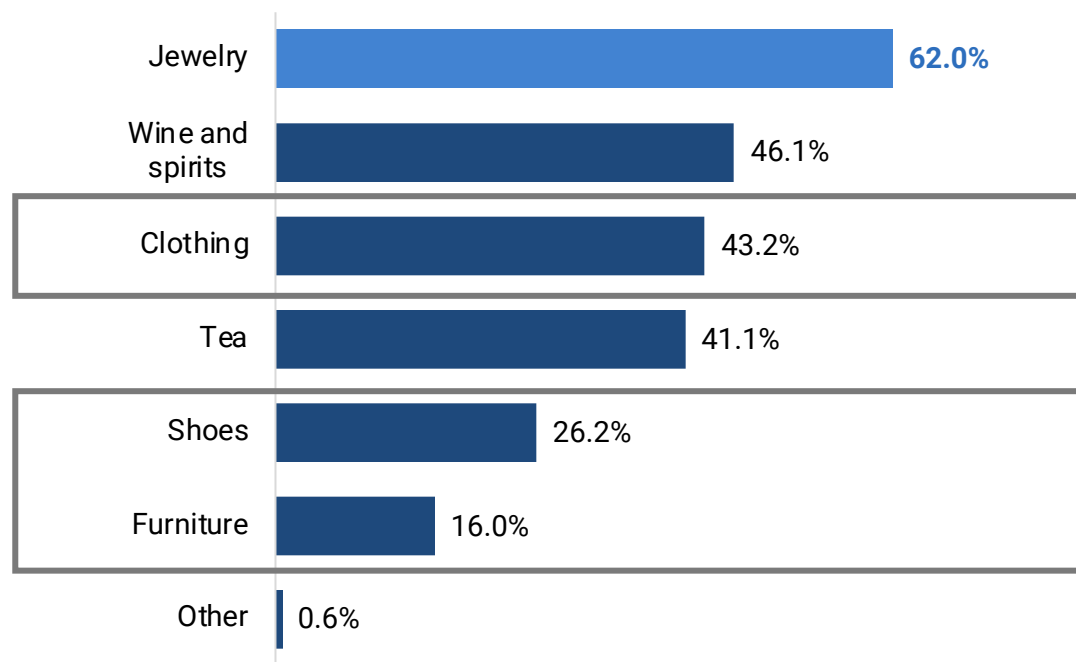
Source: Daxue Consulting (2022), N=1,000

Chinese brands can compete with foreign brands in the accessible luxury segment

Consumers are willing to purchase Chinese luxury brands in luxury categories dominated by foreign brands when perceived quality and price of Chinese goods get closer to those of their foreign counterpart, opening some future opportunities for Chinese brands in the accessible luxury segment.

Previously purchased Chinese luxury goods

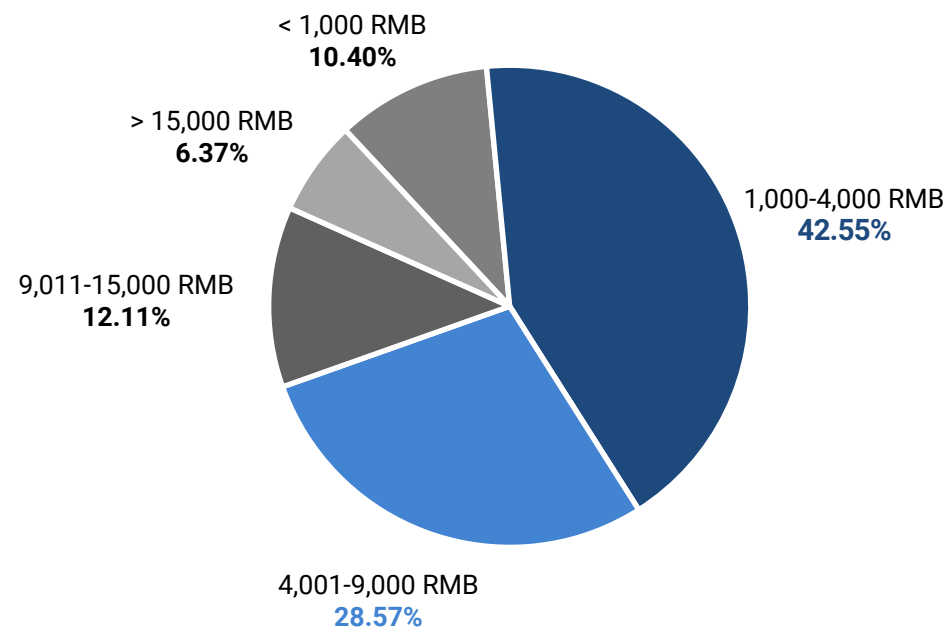
(N=644)



Source: Daxue Consulting (2022)

Spending on last Chinese luxury brand item purchased

(N=644)

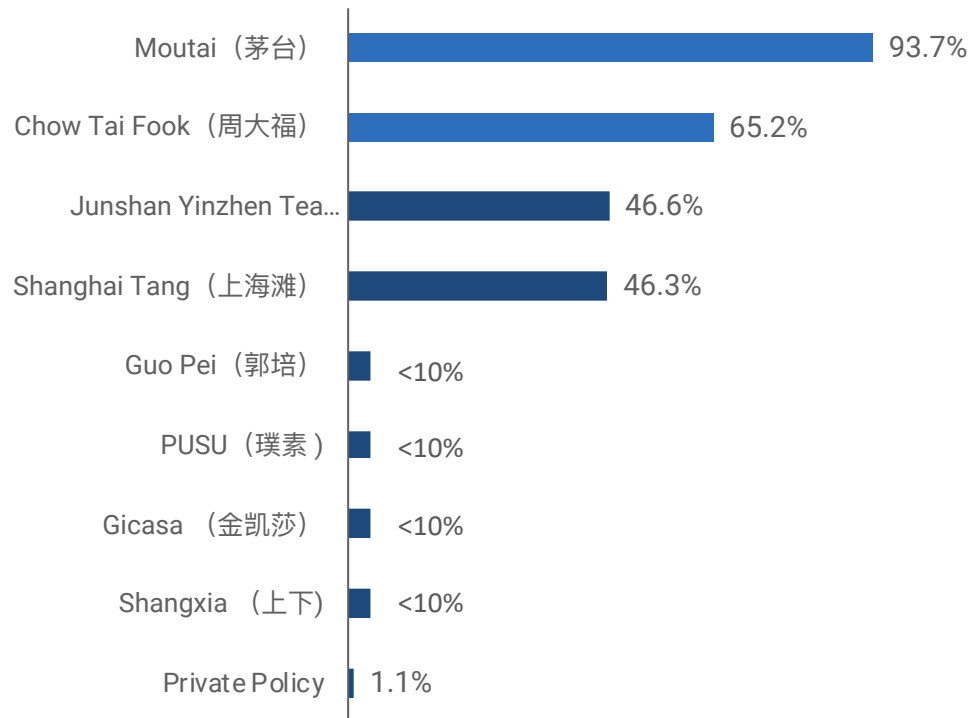


Source: Daxue Consulting (2022)

However, Chinese luxury designer brands are mostly unknown to the general public

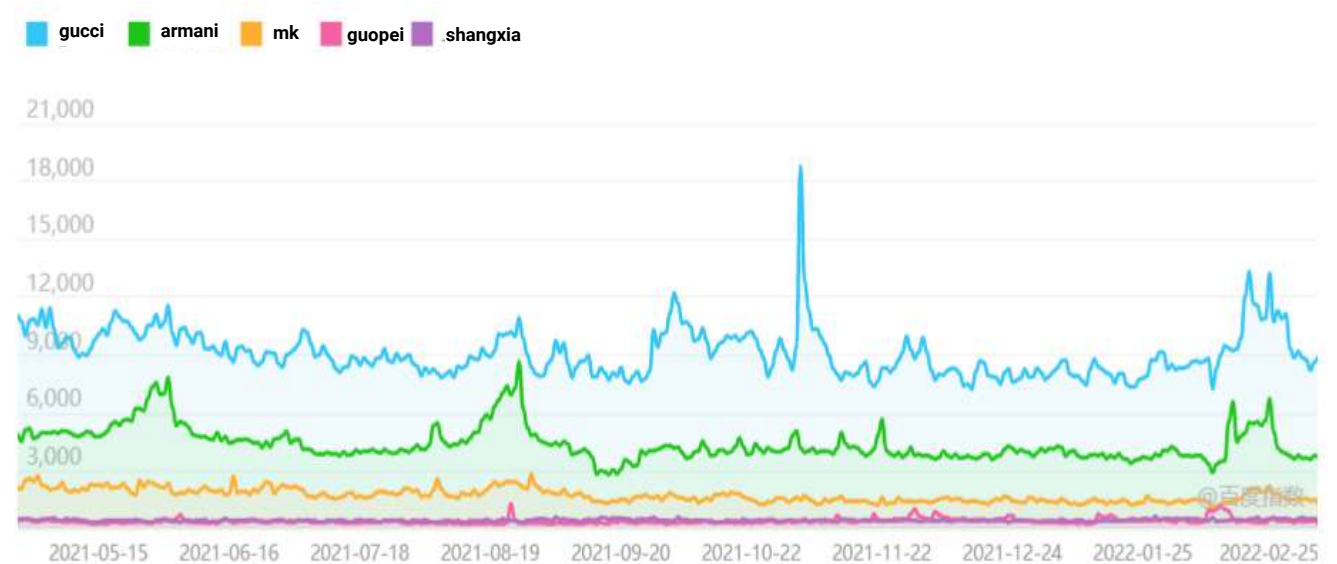
Chinese luxury brands in segments dominated by foreign companies lack brand awareness as they are mostly designer brands whose brand identity is still not as strong as the one popular international brands can vaunt.

What of the following Chinese brands do you know?



Source: Daxue Consulting (2022), N=1,000

Baidu index of luxury brands



Source: Baidu Index

Chinese luxury brands in fashion and furniture are mostly designer brands lacking consumer awareness compared to well-established international brands. Renowned Western designer brands boast a strong brand identity which makes them easy to recognize and proves once again the importance of brand name in guiding consumer behavior in China.



3.

The impact of *Guochao* on China's luxury industry

Guochao goes beyond nationalism, it is a revival of traditional customs and art

As China portrays itself as an innovation hub, Chinese consumers do not want to play a secondary role anymore and seek to become trendsetters. Moreover, they urge brands to adopt and represent Chinese culture with Chinese eyes, eliminating the patina of Western orientalism which has for long filtered the way Chinese style was projected in the fashion industry.

However, *Guochao* should not be interpreted as blind nationalism: it stems from the idea that Chinese culture is unique and Made-in-China is not a synonym for copycat and low-quality anymore.



Chinese consumers are no longer willing to passively emulate and adopt global trends, but rather want to contribute to shaping and settling those trends.

Broader political and economic developments in the last few years have contributed to create a conducive environment for Guochao.



Guo Pei's designs feature traditional Chinese aesthetics and exquisite craftsmanship that brought Chinese haute-couture to fame.

The Three Elements of *Guochao*

Chinese brands

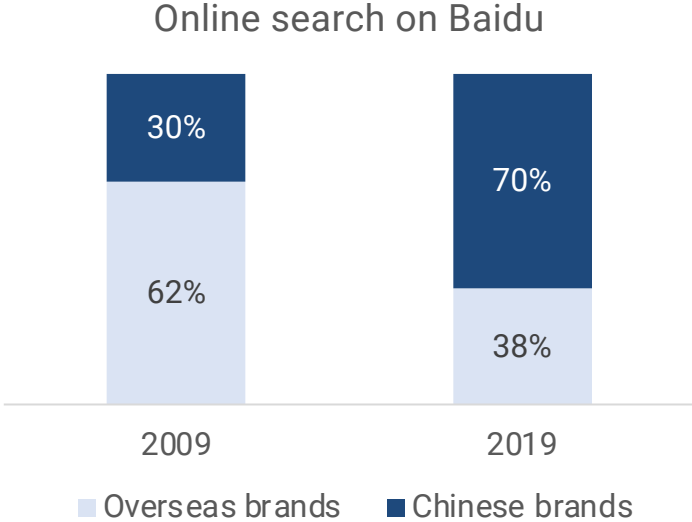
Chinese designs

Chinese culture

Guochao has been a prominent trend accelerating the emergence of many local brands

Guochao changed the perception of Chinese consumers towards local brands. Guochao sparked the sentiment of nationalism and cultural confidence in consumption, and it has impacted the luxury sector.

Increased interest in Chinese brands



Source: Baidu (2020)

Preference for Chinese luxury brands

Chinese consumers across age groups prefer local luxury goods for:

- The use of traditional cultural elements in the product
- Supporting local businesses
- Value for money

62% Gen Z surveyed purchased Chinese luxury brands' products

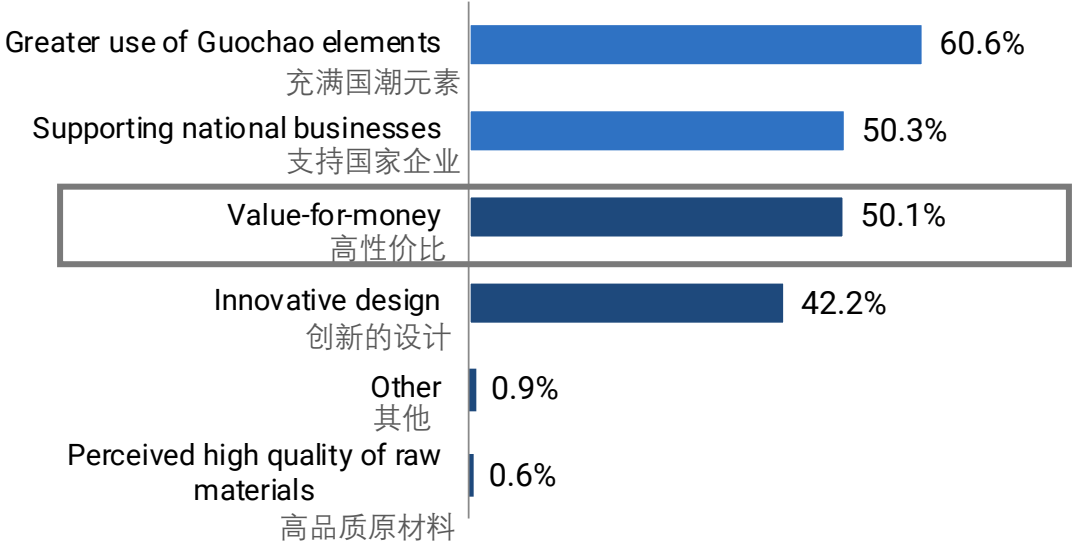
Source: Daxue Consulting (2022), N= 1,000

- Gen Z consumers were born and raised as China's economy took off, thus they have stronger confidence in national identity and Chinese brands
- Guochao elements suit Gen Z's need for realizing self-expression through luxury products
- The consumer sentiment of Gen Z, which accounted for 15% of luxury spending in China, could impact the product offerings of the luxury sector

Guochao includes both functional and emotional features

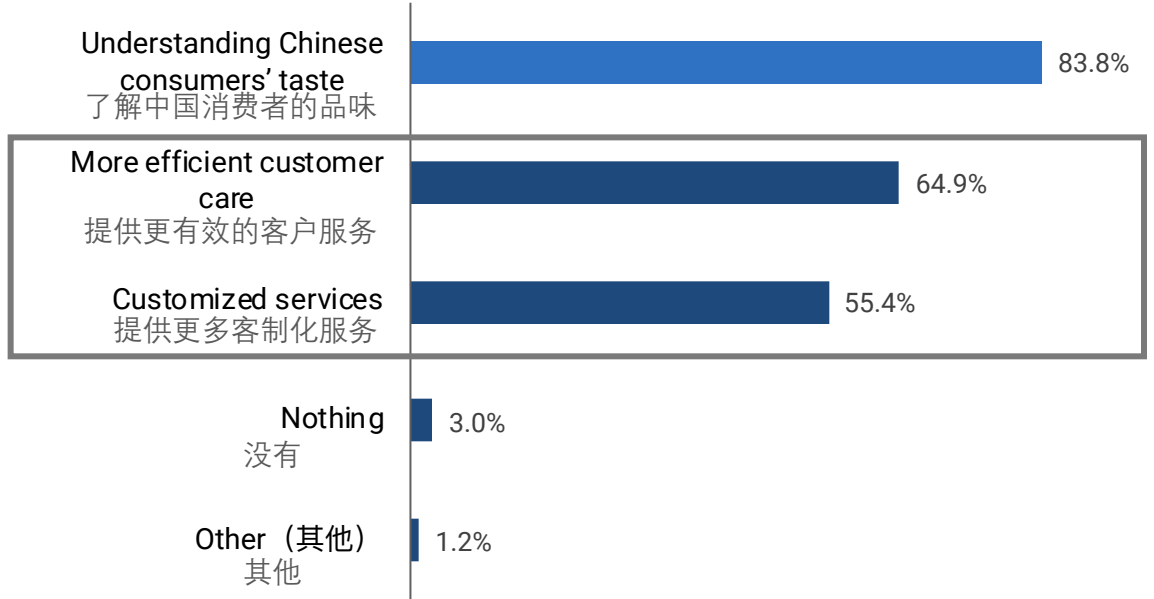
Beyond cultural confidence and patriotism, Chinese consumers choose local luxury brands due to their perceived higher value-for-money, more attentive customer care and wider range of customized services.

Reasons why respondents bought Chinese luxury goods



Source: Daxue Consulting Survey (2022), N=644, respondents were those who bought Chinese luxury goods

What Chinese luxury brands do better than foreign ones



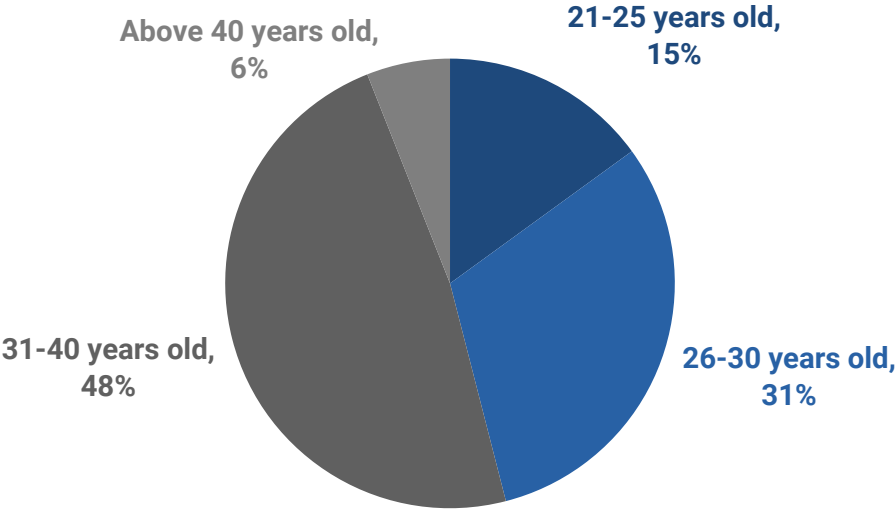
Source: Daxue Consulting Survey (2022), N=1,000

Guochao is not just about purchasing goods with certain design and supporting national businesses. In fact, Chinese brands are automatically associated with a set of inherent elements, such a higher value-for-money, more attentive customer care and a greater variety of customized services which may give them a competitive advantage.

Guochao is driven by Gen Z, who accounts for 15% of luxury spending in China

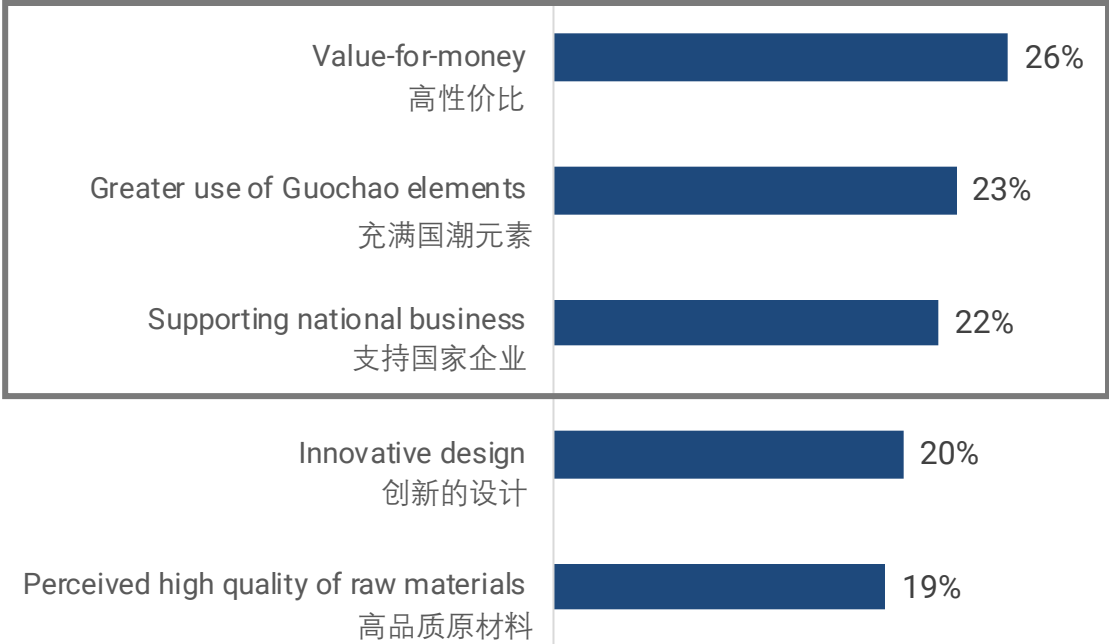
Young Chinese consumers will contribute to the *Guochao* wave in the coming decade as they increase their luxury expenditure and search for more *Guochao* elements in products. Gen Z is more convenience and service-oriented than the overall consumer base is.

Luxury consumption in China by age group



Source: Tencent and BCG (2022), N= 4,700

Why Gen Z buy Chinese luxury products



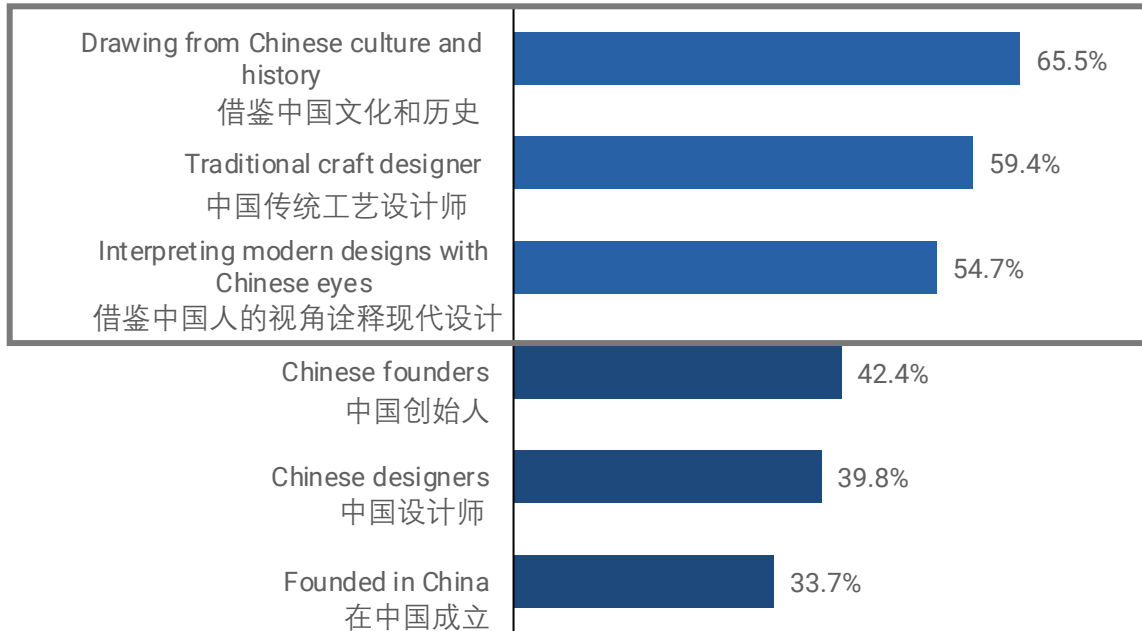
Source: Daxue Consulting (2022), N= 1,000

Among Gen Z, there is an evident preference for Guochao and functional elements. Moreover, young consumers tend to purchase Chinese luxury goods for their perceived high quality much more often than the general population.

Foreign brands are not excluded from *Guochao*

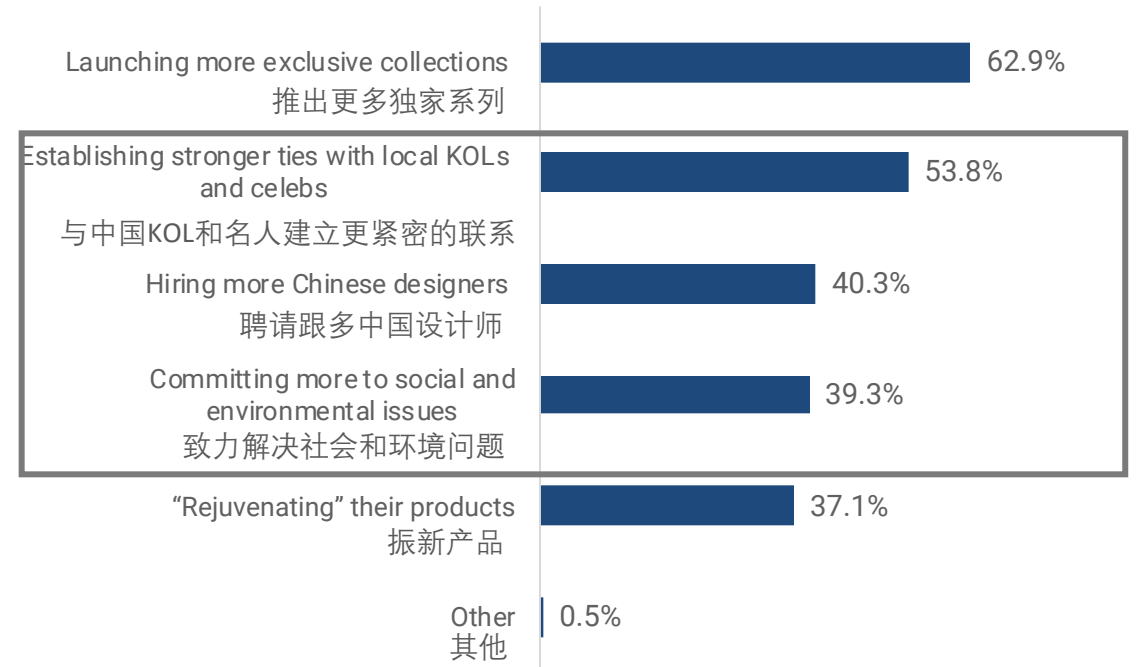
Chinese consumers are eager to reward foreign brands capable of incorporating Chinese elements and perspective in their designs since they would like them to show a greater commitment to the Chinese market. That is why consumers would appreciate more collaborations with local influencers and local designers.

Main features of a Chinese luxury brand



Source: Daxue Consulting Survey (2022), N=1,000

What would you believe foreign luxury brands can do to win Chinese consumers?



Source: Daxue Consulting Survey (2022), N=1,000



4. Hypotheses for the emergence of Chinese luxury brands

Hypotheses for the Emergence of Chinese Luxury Brands

Does China have its own luxury brands or just luxury products? Do the preconditions for the rise of local luxury brands exist? What industries can luxury brands thrive in? Daxue Consulting investigated five hypotheses on the emergence of Chinese luxury brands.

1 Chinese luxury brands will come from products that are exclusively Chinese

2 Chinese luxury brands will leverage traditional Chinese medicine (TCM) in cosmetics and fragrances

3 Chinese luxury brands will leverage Chinese traditional craftsmanship to stand out

4 The lack of a robust craftsmanship ecosystem hinders the emergence of Chinese luxury brands

5 The emergence of Chinese luxury brands will go hand in hand with the implementation of state policies in terms of heritage protection



4.1

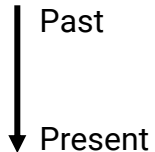
Hypothesis 1

Chinese luxury brands will come from products that are exclusively Chinese

H1: Chinese luxury brands rooted in Chinese traditions and customs will rise

Market segments such as handbags and apparel are currently a red sea dominated by foreign brands. Focusing on products deeply rooted in Chinese tradition would help Chinese consumers bypass competition with international luxury brands. Moreover, the lack of history behind Chinese brands' can also be compensated by creating a connection with China's millennium-old culture.

Made in China = ~~Fine Luxury~~ Copycat and low-quality Innovation



YET

When talking about **Chinese traditional items**, the value of **local artisanry is not questioned** and some specific products and raw materials are naturally perceived as **exclusive and refined**.



Chinese government attempting to revive China's "craftsmanship spirit"

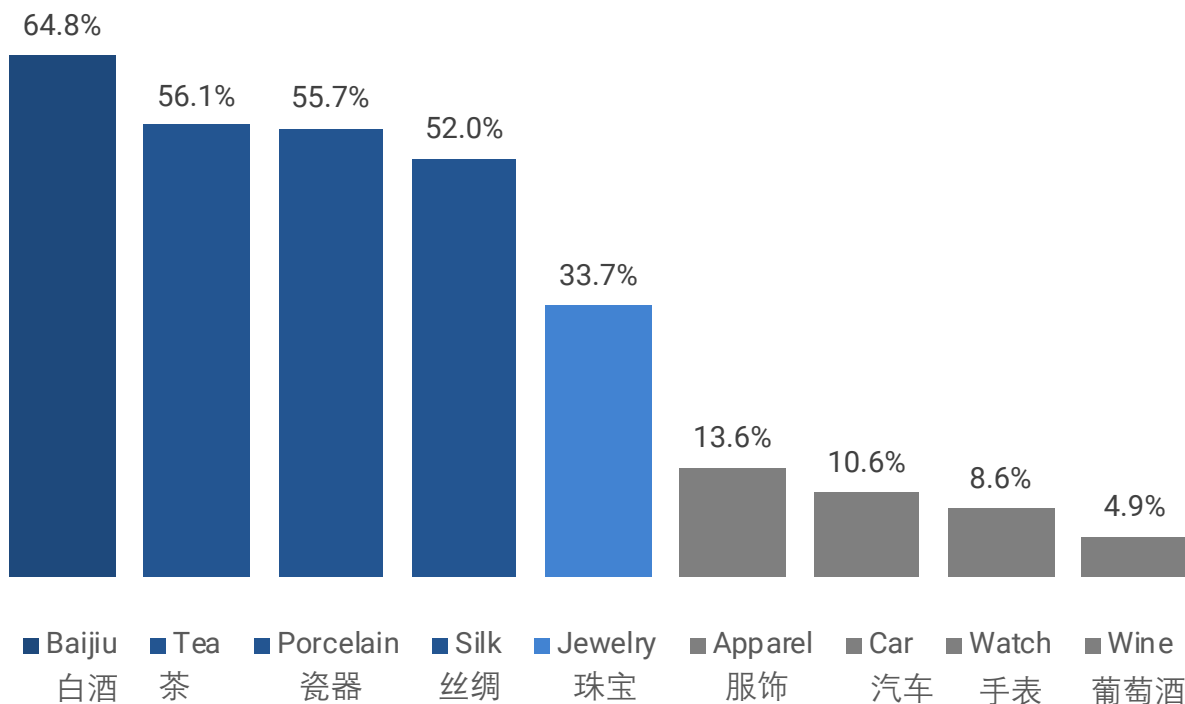
- Public entities have begun to organize events and support local artisans. Such revival of traditional craft is aimed at:
- Favoring **industrial upgrading** to move up the value chain
- Preserving national intangible heritage

“ The spirit of model workers, the value of labor and the pursuit of fine **craftsmanship** embody (...) a powerful spiritual motivation which inspires the whole Party and people from all ethnic groups to proceed relentlessly and bravely.
 ~ President Xi Jinping 24/11/2020

Baijiu, tea, porcelain, silk as the most popular Chinese luxury goods

Baijiu and tea are perceived as the most popular Chinese luxury goods, while wine and watches tend not to be considered high-end Made-in-China products.

Top 4 industries which surveyees linked with Chinese luxury



Source: Daxue Consulting (2022), N=1,000

Leading Chinese luxury baijiu brands



Kweichow Moutai
(茅台酒)



五粮液集团

Wuliangye Yibin
(五粮液)

Leading Chinese luxury tea brands



Wuyi Mountain
Dahongpao
(武夷山大红袍)



Junshan
Yinzhen
(君山银针)

Leading Chinese luxury porcelain brands



Auratic
(永丰源)



Margolonte
(玛戈隆特)

Chinese luxury brands cater to local traditions

Chinese consumers have unique demands based on cultural traditions which require high-quality luxury goods.

Weddings (婚嫁)



100-day celebration (百日宴)

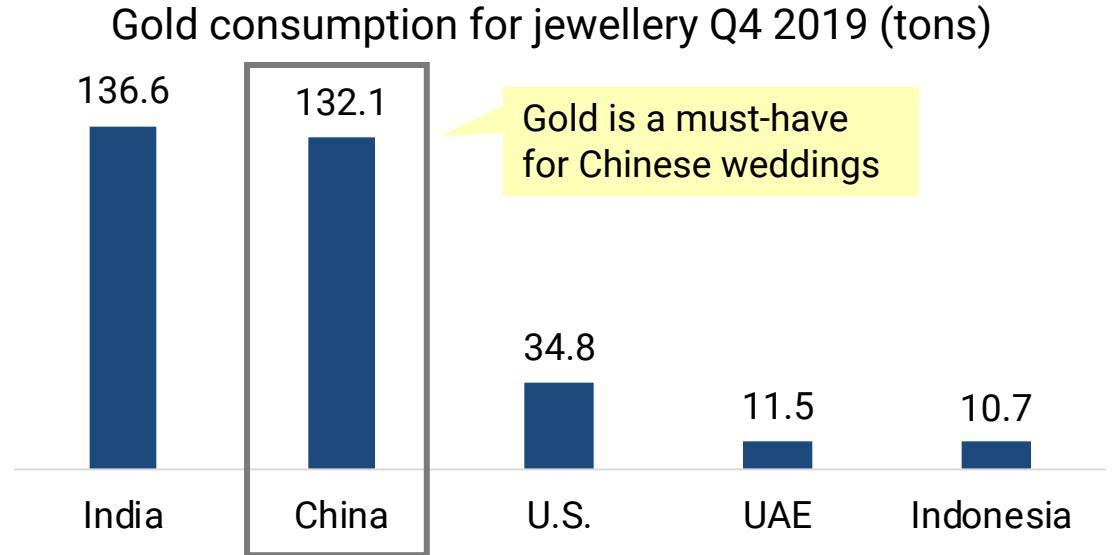


Babies will wear a Longevity Lock on 100-day birth celebration to symbolize good fortune and health.

Zodiac Year (本命年)



People in zodiac year of birth will suffer misfortunes thus wearing red could ward off evil.



Source: GFMS Gold Survey 2019 H2 Update & Outlook (2020)

Chinese luxury brands stand out over foreign brands due to:

1. Their **authentic traditional designs** for the occasion
2. Their deep understanding of **customers' cultural beliefs**
3. Their ability to leverage today's **revival of gold jewellery** smelted using **ancient techniques** (古法金饰)

PUSU draw from China's long history to build its competitive edge

PUSU is a rising furniture design brand aiming at shaping the modern Chinese lifestyle by promoting Chinese-style luxury minimalism.



- **Chinese essence:** PUSU provides minimalist interior design with Chinese characteristics by drawing from Taoism and China's classical period
- **Exquisite raw materials and local craftsmanship:** furniture is made up by rare and precious woods using Chinese traditional mortise and tenon joint technique
- **Re-interpreting Chinese sophisticated lifestyle:** PUSU's Ming dynasty-style furniture, tea and tea desserts selection explicitly aim at defining an ideal-type of modern Chinese literati lifestyle



A derivation of "Wanli Cabinet" ("万历柜") in the Ming Dynasty created by PUSU, integrating cabinet with open shelves which unique modular design allows each component to be reorganized to the preference of the owner. Made of rare Burmese rosewood and utilized traditional tenon and mortise (榫卯) craftsmanship.



4.2

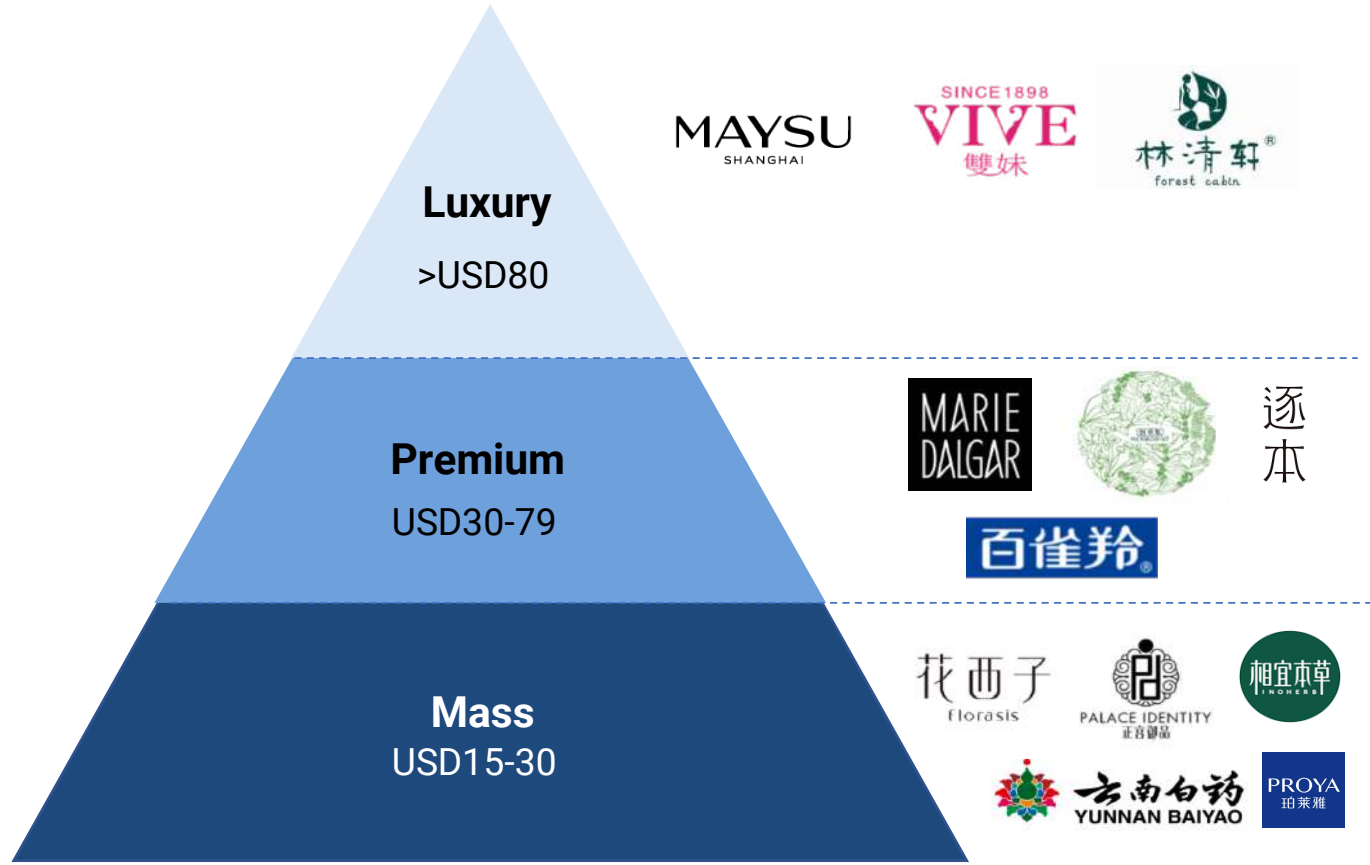
Hypothesis 2

Chinese luxury brands will leverage TCM in cosmetics and fragrances

H2: Chinese luxury brands will leverage traditional Chinese medicine (TCM) in cosmetics and fragrances

Chinese consumers prefer natural ingredients in products whilst the health benefits of TCM are deeply engrained in Chinese culture, thus creating a demand for TCM incorporated cosmetics and fragrances.

Domestic cosmetic brands with skin care products based on TCM



Source: Daxue Consulting (2022)

Post 90's as the main driver of cosmetic sales

<30% of 15-64 years old population in China

accounted for 60% cosmetics purchase on Tmall

~67% post 90's trust Chinese cosmetic brands

Found to be **more concerned with green attributes** than older generations

Source: Goldman Sachs (2020), Jing Daily (2019)

TCM cosmetics products are preferred by Chinese consumers:

1. Considered as **natural and safe**
2. Influenced by **ancient beauty practices**
3. About 36% of women report having **sensitive skin**, thus gentle, TCM based products are preferred

Source: CBN Data (2021), TMO Group (2020)

MAYSU creates TCM based skincare products using modern technologies

Fusing luxury skincare with TCM to meet Chinese consumers' demand for "green beauty"



MAYSU is owned by Jala Group, China's leading cosmetic group which was founded in 2001. The company focused on creating skincare products for Asians. MAYSU is the **designated VIP gift for the Boao Forum for Asia**. The price for its skincare set ranges from \$119 to \$340.



- MAYSU features **various product lines with TCM** such as:
- Ginseng seed and ginseng extract
 - Plum flower embryo from Yellow Mountain
 - Camellia and lotus
 - Jasmine
 - Rose and honey



"Yeast meets Space"
In 2013, MAYSU created a formula out of **yeast that was grown on the space station**. The yeast formula is claimed to have anti-ageing and regenerating benefits. Since then, the company has been **providing skincare products for astronauts** in several space missions.

Opportunities of natural and traditional cultural scents in China's fragrance market

Low daily usage of perfume but with rising interest; European-listed companies controlled 80% of China's fragrance market

Past: <1% Chinese population use fragrance daily

- Do not prefer strong smells
- Low awareness of perfume usage
- Perfume is perceived as a luxury good

Current: Burgeoning market but mainly in mass market

- Growing belief that wearing perfume is a social etiquette
- Rising consumption power of Chinese consumers
- Aesthetic pursuit to express their Chinese heritage



- **Sinoriental perfume:** AroMAG provides high-end perfume with scents of tea, rare Chinese ink, and incense.
- **Incorporate Chinese philosophy and practice:** the perfume's projection distance is controlled at 1 meter of the wearer to symbolize the humble restrained Chinese philosophy.
- **Curated based on Chinese culture:** Its star product infused the scent of traditional Chinese Hui ink, with hints of ancient Chinese imperial emblem ink, and extracts of burning incense
- **Work with top fragrance agency and well-established perfumer:** Collaborates with IFF, Firmenich, Givaudan. Its star product was created by Frank Voelkl, the perfumer of Le Labo.

Source: Euromonitor (2020), Vogue business (2021)



4.3

Hypothesis 3

Chinese luxury brands will leverage Chinese traditional craftsmanship to stand out

H3: Chinese luxury brands will leverage Chinese traditional craftsmanship to stand out

The rise of *Guochao* and government advocacy has shifted Chinese consumers' attention to homegrown Chinese brands



- **Ancient Chinese Gold Techniques:** Chow Tai Fook worked with art museums and the Shaanxi Institute for Preservation of Cultural Heritage to reconstruct ancient gold craftsmanship techniques.
- **Pays tribute to traditional Chinese culture:** Launched collections that feature designs inspired by symbols, pictographs, and decorative patterns that signify blessings and wishes in ancient China.
- **Preserving heritage craftsmanship while adding a modern touch:** Incorporate modern aesthetics and designs with century-old gold working techniques to ensure the gold jewelry piece could be passed on within generations.



The country will start to promote their “**craftsmanship spirit**” by stimulating businesses to adopt “custom-tailored production processes” so they can create high-end products as well as **safeguard these traditional crafts**. ~ Premier Li Keqiang 2016 Government Work Report



Left: Phoenix symbolizes immortality and harmony
Right: The golden barge features numerous Chinese mythological figures including the Queen Mother of the West, the Three Stars of Prosperity, Status and Longevity, and the Eight Immortals aboard.

Duanmu Liangjin creates a status symbol through Chinese aesthetic elements

Adopts Tang Dynasty design elements and techniques to create luxurious handmade wooden bags



The Luxury Formula

Luxury = Rarity + Exclusivity + Brand system + Excellence + Price



Rarity: Pure handmade wooden bags with exquisite craftsmanship using **fine wood inlay** that carries Tang Dynasty’s Luoshen Fu, Dunhuang frescoes, and tin patterns.

Exclusivity: More than **six months** is needed for each bag to reach the store. A status symbol among high-net-worth people and art and cultural practitioners.

Brand system: Duanmu Liangjin (端木良锦) meaning “Upright Wood, Exquisite Fabric” which was incorporated in their breakthroughs in materials and revival of cultural elements.

Excellence: The complexity of wooden inlay patterns displays the level of the craftsman’s skill, artistry, and understanding of the ancient Chinese craft and history.

Price: Priced on par with international luxury brands at **USD3,000-6,300 per bag**. Uses wood veneer that were previously used in luxury car interiors and extravagant home interiors only.

Duanmu Liangjin's Chinese traditional craftsmanship is gaining recognition

Its signature Tang Dynasty wood intarsia technique and Chinese culture elements sparked a collaboration with The Ritz-Carlton



2016: **Nominated as a national gift** during the “Belt and Road Initiative International Cooperation Summit Forum”
2019: “Limbo”—its wood and leather bag was **sold for \$17,630 at a Christie’s auction in Hong Kong.**
2021: Opened store on the **first floor of Grand Gateway Shanghai**, same floor with international brands like LV, Gucci, Bottega Veneta. It **completed fourth round of financing**, its investors include Xiaohongshu and VC firms.



Collaboration with The Ritz-Carlton Hotel in Beijing:
Launched ancient-styled **afternoon tea** with the theme “Prosperous Tang Dynasty” in 2019. Duanmu Liangjin created an exclusive handbag-style snack stand for the collaboration. There was also a **Tang Dynasty themed exhibition booth** set up in the lobby lounge with handbags and accessories on display.

Chinese luxury brands' opportunity to create exclusivity

How Kweichow Moutai achieved luxury status and is now regarded as the national liquor of China:

The Luxury Formula

Luxury = Rarity + Exclusivity + Brand system + Excellence + Price



Rarity:
Moutai *baijiu* (spirit) derived its distinctive flavour from the *Chishui* (Crimson) River. The water could only be drawn when the water became lucid.

Exclusivity:
Only *baijiu* produced in Moutai Town by the distiller, Kweichow Moutai Co, Ltd can be called Maotai.

Brand system:
Moutai was able to establish a direct line with Han dynasty *baijiu* producers and build a strong brand image.

Excellence:
The spirit distillate will be kept in big terracotta pots for at least three years. *Baijiu* masters will rate the liquor and determine the best time to sell it.

Price:
Ranged from \$11,500 to \$152,700 for rare and good vintages. It is a status symbol and bought as gifts and investments.

Source: Forbes (2021)

Source: Christies (2020)



4.4

Hypothesis 4

The lack of a robust craftsmanship ecosystem hinders the emergence of Chinese luxury brands

H4: A strong craftsmanship ecosystem is needed for Chinese luxury brands to rise

A sound craftsmanship ecosystem is the core element of luxury goods supply chain. The current framework is still lacking in China, but Chinese luxury brands look willing to invest and incubate their own ecosystem.

Current craftsmanship ecosystem for luxury products in China

Backed by Western luxury group



Shang Xia which was previously owned by Hermès took three years to scout for and collaborate with Chinese artisans and workshops whose members still possess traditional craftsmanship skills.

Founder revived the ancient craft



The founder of **Duanmu Liangjin**, Qi Tian, was a collector of antiques and majored in architecture. He could not find a suitable workshop for his wooden bag designs. Thus, he taught himself how to craft the Tang Dynasty styled wooden inlay.

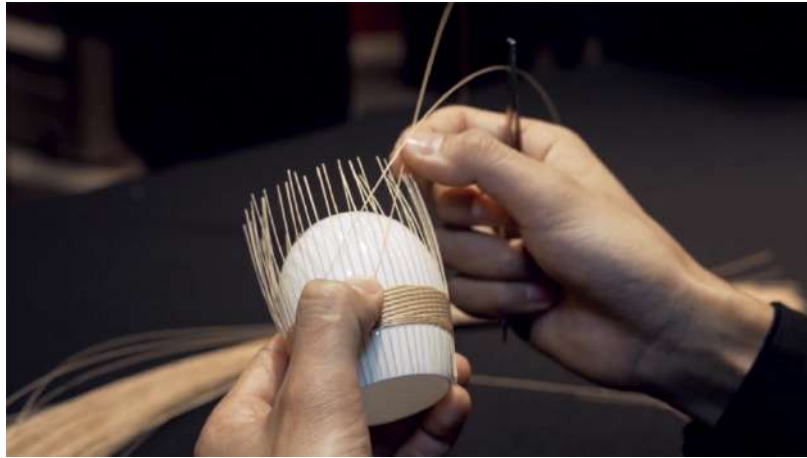
In-house residency program



Chow Tai Fook Jewellery Group founded Loupe, a design incubation space for local and international designers and artisans. It provides a creative environment for the art of jewellery-making and craftsmanship.

Shang Xia collaborates with independent traditional handicraft artisans

Shang Xia's tea ceremony sets combine craftsmanship such as wood carving, bamboo weaving and porcelain tea set making.



Shang Xia's Bridge tea ware collection:

Shang Xia's designer team discovered a **Sichuanese bamboo weaver** who is skilled in making animal figurines using delicately thin bamboo strips. They developed a technique to add a **bamboo coaster to the thin white porcelain tea set**. It takes three months to produce each set.

Da Tian Di (大天地) tea ceremony set merged a tea tray and a **Ming-dynasty styled tea table**. Under the table surface layer, there is a tea tray made of luxurious Duan inkstone and an electric stove. The name comes from ancient Chinese symbolism – 'Da' meaning huge, 'Tian' meaning sky, and 'Di' meaning earth. The name overall implying that the meaning of the universe can be revealed through the drinking of tea.



Everything sold by Shang Xia is **produced by artisans using traditional Chinese techniques**, and is the result of months, and sometimes years of **research by an expert committee** including professionals from national museums and universities.

~ Qiong'er Jiang, CEO of Shang Xia



Smaller workshops in China are gaining international recognition recently

The lack of a robust craftsmanship ecosystem and brand system stunned the emergence of Chinese luxury brands in the past.



Bampo was founded in 1997. It built a folk-art ecosystem that **involved traditional art craftspeople and fashion designers in product creation**. Bampo is **the only Chinese brand selected into the Amsterdam handbags and luggage museum**. The brand was selected as “cultural Chinese present” by the Ministry of Culture and Tourism. Women’s handbags price range: RMB999-5,999 (US\$160-950)



Sheme was founded in 1998 by Linda Liu (currently residing in Germany). The brand **incorporates Shu embroidery, China’s intangible cultural heritage from Sichuan province, into its luxury shoe design**. It is the first Chinese luxury shoe brand with a **presence in the London Fashion Week and Paris Fashion Week Haute Couture**. Women’s heels price range: RMB2,980-39,800 (US\$470-6,300)



4.5

Hypothesis 5

The emergence of Chinese luxury brands will go hand in hand with the implementation of state policies in terms of heritage protection

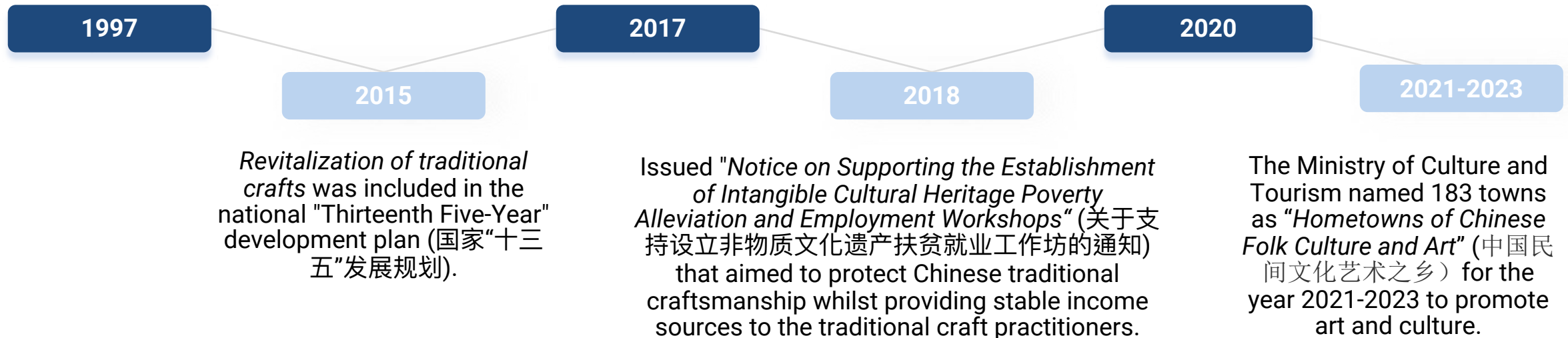
H5: State policies will change Chinese luxury brands landscape

Most of the Chinese luxury brands rely on Chinese cultural heritage and traditional craftsmanship. Since the formulation of the *Plan on Revitalizing China's Traditional Crafts* by the Ministry of Culture, the Ministry of Industry and Information Technology, and the Ministry of Finance in 2017, more attention was given to heritage protection and traditional craftsmanship. This will in turn promote the appreciation of Chinese craftsmanship, conserve traditional crafts, and facilitate the emergence of Chinese luxury brands.

Issued "Regulations on the Protection of Traditional Arts and Crafts" (传统工艺美术保护条例) to define and protect traditional arts and craft.

The "Plan on Revitalizing China's Traditional Crafts" (中国传统工艺振兴计划) was released to inject momentum into the protection of Chinese culture and heritage.

Provincial governments started issuing blueprints in response to the *Plan on Revitalizing China's Traditional Crafts* such as Shanghai's "Shanghai Traditional Craft Revitalization Plan" (上海市传统工艺振兴计划).



Source: The State Council, Shanghai Municipal Office, Sina Shandong

Contact us for more China luxury market insights



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ABOUT

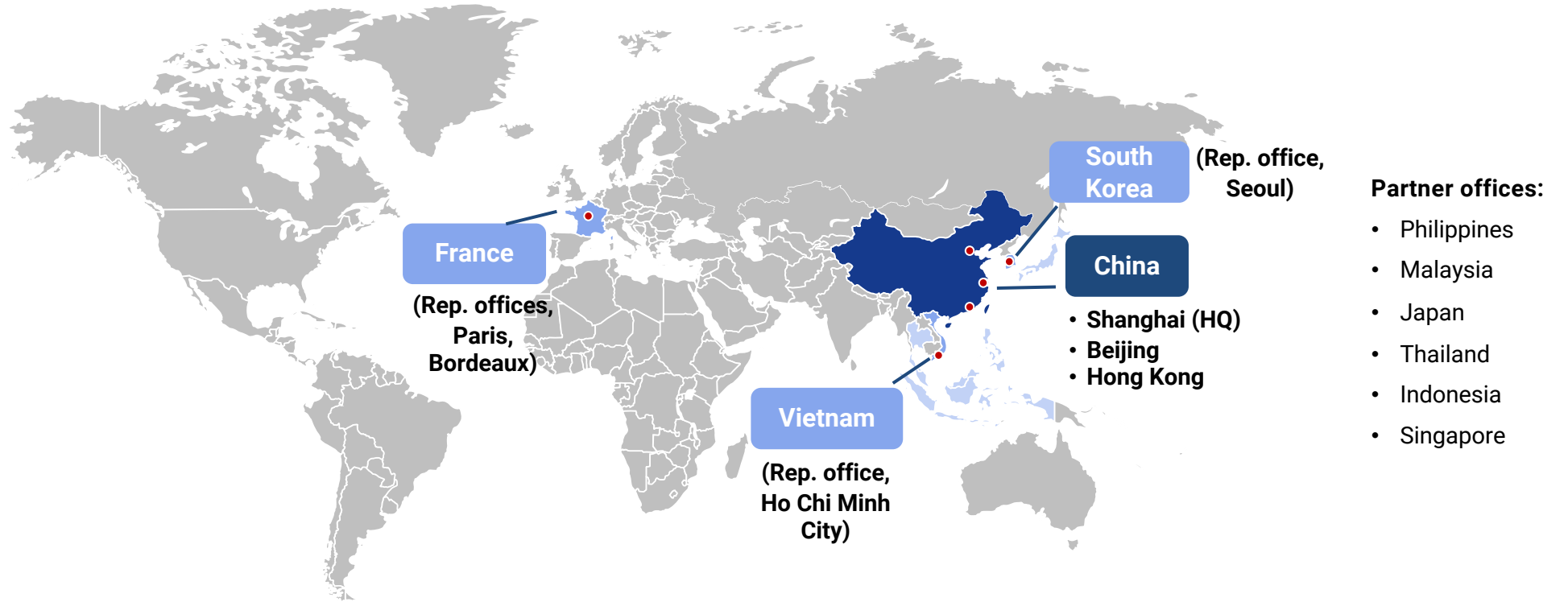


Our mission is to guide businesses to holistic growth in China

Through our market research and strategy consulting, we equip businesses with the knowledge and guidance to achieve growth in China and beyond

Our APAC network

A research and consulting firm headquartered in China, with an Asia-focus and a presence on three continents.



Our history

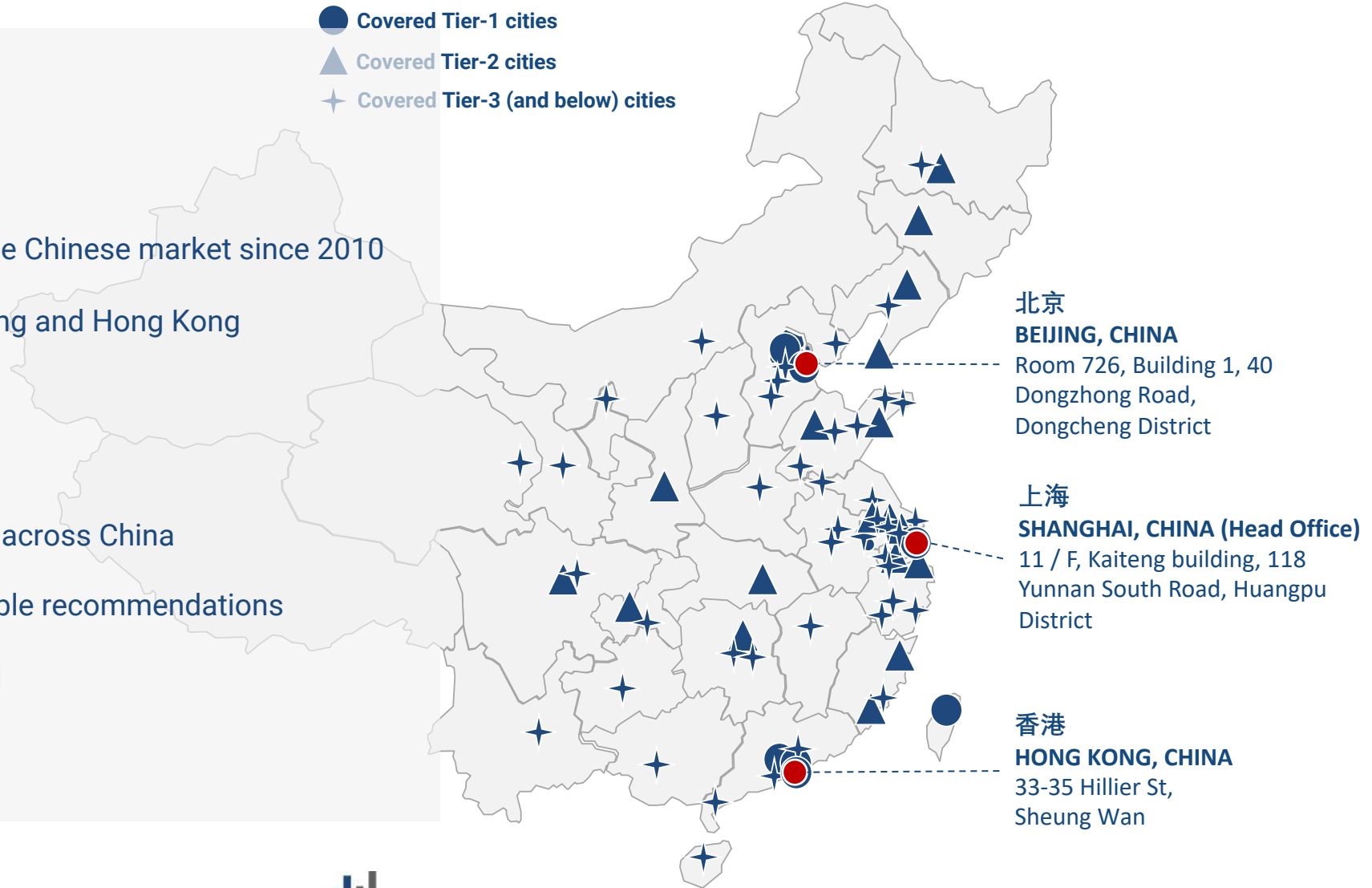


Who We Are

Your Market Research Company in China

We are Daxue Consulting:

- A market research firm specializing on the Chinese market since 2010
- With 3 offices in China: in Shanghai, Beijing and Hong Kong
- Employing 30+ full-time consultants
- Full, complete, national coverage
- Efficient and reliable fieldwork execution across China
- Using our expertise to draw precise, reliable recommendations
- With key accounts from around the world



Daxue's approach: methodology-based consulting

An agile and data-driven approach towards solving complex research questions

RESEARCH

调研



IN-HOUSE ORGANIZED

We do not outsource



TRADITIONAL METHODOLOGIES

Interviews, cold calls, focus groups, surveys, and etc.



SOFTWARES AND TOOLS

3rd-party software and in-house built scrapping tools



ACCESS COUNTRY-WIDE

Able to run research across all layers of population



MASSIVE

Data-driven and cross-checking from many angles

as the base for



CONSULTING

咨询



RESEARCH-DRIVEN

Consulting backed up by massive research



AGILE

Market discovery -> market validation -> market entry



COLLABORATIVE

We encourage frequent meetings and workshops with our clients



TRANSPARENT

Full insights into our work with frequent intermediate updates



INDUSTRY PARTNER NETWORK

Built-up over 350+ projects and 100+ podcasts



CROSS-CULTURAL UNDERSTANDING

Mix of foreign-educated Chinese and China-educated foreigners

Our services

ASSESSMENT

评估



BRAND AUDIT
品牌检验



SENTIMENT ANALYSIS
情绪分析



BRAND
BENCHMARKING
品牌基准

INSIGHTS

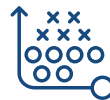
洞见



DECISION-MAKING
PROCESS
决策路径



TARGET AUDIENCE
PROFILING
目标人群画像



BRAND (RE)POSITIONING
品牌（重新）定位

STRATEGY

策略



BUSINESS INTELLIGENCE
商务智能



VALUE PROPOSITION &
MESSAGING HOUSE
价值主张&信息传播策略



IP COLLABORATION
IP合作

INNOVATION

创新



OMNI-CHANNEL
MARKETING
全渠道策略



PRODUCT CONCEPTS DEV.
& TESTING
产品概念开发和测试



MARKET ENTRY
市场准入

Our methodologies



DESK RESEARCH
案头调研



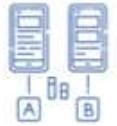
FOCUS GROUPS
小组座谈



CONSUMERS INTERVIEW
消费者访谈



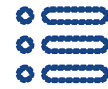
SHOP ALONGS
店内随访



A/B TESTING
A/B 测试



DIARY RESEARCH
日记研究



ONLINE & OFFLINE SURVEYS
线上&线下问卷



SOCIAL LISTENING
社媒聆听



STRATEGIC WORKSHOP
小组访谈



MYSTERY SHOPPING
神秘顾客研究



UX/UI TESTING
用户界面测试



ONLINE SALES DATA SCRAPING
社媒聆听



STORE CHECKS
店访



ONLINE COMMUNITY
线上社群调研



MARKET INSIDERS INTERVIEW
专家访谈



CENTRAL LOCATION TESTING
食材品鉴

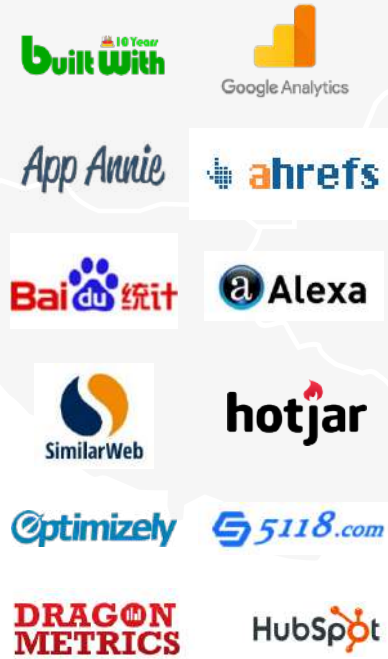
Using modern tools & software to stay ahead

A selection of tools leveraged by us for our clients

Search engine & e-commerce analytics
搜索引擎&电商分析



Website / app traffic comparison
网站/应用流量比较



Data mining / survey analysis
数据挖掘&问卷分析



Social listening
社媒聆听



Diary study & community research
日记&社群调研



400+ clients for the past 10 years

Some of our references in the premium and luxury segments



Our testimonials



JAPAC Revenue Strategy
Manager @ **Twitter**

*“Thanks so much for your hard work over the last several months and the multitude of presentations that you have done to [our] stakeholders. **I highly appreciate the quality of work and also the patience with which you have answered the questions.**”*

Overall the work has been very well received and has been very educational for our teams in Singapore, New York and San Francisco. We will be using a lot of this information as we make critical investment decisions into China over the next several months.

*Please do pass on our thanks to the entire Daxue team - hope you do take a moment with the entire team to celebrate the success and outcome of this project! **Also, I would be happy for you to use my reference for any future clients.**”*



Managing Director @ **Palmer
Hargreaves**

*“**The communication, structure, problem solving and support we received from the team throughout the project was fantastic, and it provided us with the ideal structure to keep the client engaged and confident of the deliverables.**”*

In terms of the outputs / deliverables, I was very pleased with the level of detail in the reporting, speed of response to questions and the flexibility to adjust and provide alternative output views.

*Should we be in the position of providing similar support to our clients in future, **I would have absolutely no hesitation in contacting daxue consulting again, working in partnership to deliver a high-quality solution.**”*



E-commerce Manager

*“Thank you so much for your and your team's support regarding our China eCommerce project. **The feasibility study was very well delivered and useful to give us insights about China market.** As business evolves, we definitely need to keep abreast of the latest developments to cope with the rapid change of the market. In this sense, **we will continue to need your support to our business growth.**”*



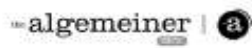
Director Ecommerce
Marketing EMEA @ **Ubisoft**

*“Thank you for your answer. I've been through the presentation and **I'm very impressed by all the useful detailed information I've found. Thank you so much!**”*

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Our latest quotations in recent publications



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