

GOVERNMENT

China denounces money worship to luxury's chagrin

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The Chinese Communist Party recently denounced the country's money worship, extreme individualism, and corruption. But will that affect luxury there? Image credit: Shutterstock

By [Adina-Laura Achim](#)

According to a document published by [People's Daily](#), The Chinese Communist Party (CCP) recently denounced the "money worship, extreme individualism," and corruption it says has blossomed since the country opened 40 years ago.

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In the lengthy document, point 4.1 condemns extreme individualism, point 4.2 condemns corruption and point 4.7 condemns money worship. Under Chinese President Xi Jinping, the party demands "stronger party leadership and moral discipline," as per a resolution released on Tuesday, Nov. 16.

The document also states that China will keep pursuing a path of "reform and opening" but will do so while combating corrupt practices. Mr. Xi seized this opportunity to call for progress in reaching China's long-term goal of "common prosperity."

The Jing Take: At first glance, it might seem like Mr. Xi's pledge of "[common prosperity](#)" could spell trouble for the luxury sector. But by now, luxury brands should have understood the country's message and adapted their strategies.

In an Op-Ed for [Bloomberg](#), Andrea Felsted & Anjani Trivedi rightfully noted that the new policy direction should not eliminate luxury goods from domestic shopping centers, "but it will usher in a new era where watches are encrusted with fewer diamonds and logos no longer embellish jackets and jewelry."

The [economic slowdown](#) and COVID-19 pandemic have already recalibrated consumer spending habits, pushing China toward understated luxury. But this direction is not unique to China.

Considering the current uneven global economic recovery, it is not surprising that discreet luxury is trending again, with tactful class signals replacing status and wealth symbols.

By now, luxury brands should have adapted their strategies for China's new economic circumstances. Otherwise, global brands should follow the strategy adopted by Chanel, Hermès, Chloé and Loewe, which is to disregard the [logo-centric approach](#) and build brand value by prioritizing timeless design and perfectly crafted products.

Sure enough, this new direction also implies a stronger focus on the ultra-high-net-worth (UHNWI) and very-high-net-worth (VHNWI) individuals rather than the aspirational class.

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