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Will the Year of the Tiger roar for luxury spending in China?

February 8, 2022



So far, the Year of the Tiger feels more like the Year of the Mouse, thanks to China's meek economy and luxury spending. Image credit: Shutterstock

By [Jing Daily](#)

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So far, the **Year of the Tiger** has not been kind to luxury spending in China. According to **Bain & Company**, the rest of the year will not look much better, either.

Hopes that Chinese luxury spending would recover to pre-COVID-19 levels during 2022 have slowly slipped away, thanks to a host of ongoing problems.

Rolling lockdowns due to the seemingly uncontrollable spread of **Omicron** to limited international travel and the landslide of the failing property sector are just a few of the issues contributing to China's ever-slowing economy and luxury spending.

Although uneven, luxury consumption on the mainland remained strong in 2021. All luxury categories experienced year-on-year increases in the first half of last year from 40 to 100 percent yet slowed down during the second half, from zero to 25 percent.

Moreover, the total value of luxury purchases in China was an astounding \$74 billion, with leather goods being the fastest-growing category at 60 percent for the year, followed by fashion and lifestyle, each accounting for 40 percent.

With harsh Omicron containment policies expanding in China and further global supply chain disruptions affecting domestic consumption, China's lackluster luxury market will certainly not make up lost revenue from China's various other problem areas.

In fact, Bain predicts it will slow to "low double-digit growth" in 2022 compared to a record 36 percent year-on-year increase in 2021.

Given this downward turn, the question remains: How will global luxury brands respond to this news especially with so many brands investing deeply in the Chinese luxury market? Can they afford to keep pouring money endlessly into China? Or will they pivot more toward the United States in 2022 and beyond, as the country also experienced strong luxury sales in 2021? Or, will they try and weather out the storm, waiting to see how Beijing and its zero-COVID

policy handles the myriad of problems currently plaguing the mainland?

Everyone is waiting to find out.

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