

APPAREL AND ACCESSORIES

Would Chinese shoppers buy a “Made in China” luxury bag?

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Chinese designers are pushing the frontiers of creativity and attracting consumers through localized marketing strategies. This has led to the creation of a "Made in China" luxury market. Image credit: Icicle

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Over the last few years, Chinese designers have brought **local labels to the forefront of major fashion weeks** and multi-brand stores around the world. This has chimed with a boost from both consumers and the state **in support for guochao and homegrown players** over their western equivalents.

Mainland outfits such as Icicle, Ms Min, Shushu/Tong and Feng Chen Wang continue to make inroads on the global luxury stage, but still the question remains: Would domestic consumers buy premium products if they were "Made in China?"

Several industry experts agree that a significant consumer shift is taking place.

As geopolitical forces push consumers towards domestic corporations, and government-driven initiatives such as **"Made in China 2025"** boost and promote the creative economy, local designers are taking advantage of these favorable market conditions to increase the emotional value of their businesses.

"In the not-so-recent times, there was a boom in luxury and fashion brands made by China, for China and in China," notes Abhay Gupta, CEO of business advisory agency Luxury Connect. "The simple logic of their knowing Asian sizing and tastes better than any European brand along with repeated cultural misappropriations by western brands has led to a gradual acceptance of homegrown products."

On the other hand, consumers here already associate several local labels with premium products, says Timothy J. Druzvik, Walmart senior manager for strategy and business development.

"Consumers increasingly support Made in China brands we all want to root for our own team but it's more than that," Mr. Druzvik said. "More and more Chinese feel their homegrown products deliver a value proposition that is on par or superior to international brands."

"There is strong product innovation, creative marketing campaigns and immense pride in domestic brands succeeding," he said.

But despite important advancements, some questions persist.

Not for nothing are there significant differences between championing Chinese houses and buying locally-produced Loewe or Celine accessories.

While some domestic consumers will not be **as troubled or amazed as Westerners** if they were to discover that their favorite leather bag was manufactured in Quanzhou or Wenzhou, this does not mean that they will not have concerns about the quality of the product or its resale value.

Jerry Clode, founder of The Solution, who regularly interviews local consumers on their brand and product preferences, believes that "the idea that Chinese consumers are turning to domestic brands is actually a major overstatement."

Mr. Clode points out that although several homegrown startups have leveraged digital commerce solutions to take up new opportunities, "international brands still command higher prices."

"The simple reality is [that] in the last three to four years there are more Chinese brands that are driven by high levels of marketing," Mr. Clode said. "This naturally has meant that they have stronger levels of consumer awareness and loyalty."

Nevertheless, he emphasizes that middle-class buyers will continue to purchase international brands because "they aspire to be global citizens."

"International brands are very obviously displayed in the homes of the middle-class consumers I interview," Mr. Clode said. "This is part of creating an inspiring international home environment domestic brands simply cannot perform this function."

This assessment is partially correct and, indeed, global brands still maintain their power positioning in China. **But recent consumer scandals** coupled with the West's anti-China rhetoric in the wake of the trade war might further tarnish the reputation of international companies.

Similarly, stories from Italian sweatshops of "**luxury slaves**" and **news of the mistreatment of immigrant workers** many of whom were Chinese are no doubt also facilitating a shift towards domestic groups.

Gen Z, famous **for their** love of local names, are more **inclined to boycott brands** and countries they see as adversarial to China.

"The current younger generation of China, brought up in a capitalist environment, never having witnessed an impoverished China, does not associate Chinese products with poor imitations, but as worthy competitors to global brands," Mr. Gupta said. "The rising wave of patriotism created by President Xi Jinping is only helping the cause further."

But despite the rise in national pride, Gen. Z consumers still **are not ready to give up on hard luxury** suggesting that buying Made in China luxury goods could be a concession that they are willing to make.

There is an element of supporting homegrown business, where buying Chinese-made products puts more money into the domestic manufacturing sector and guarantees employment for its workers, which in turn supports regional economies and improves the manufacturing capacity of local firms.

Who says that one of the workers manufacturing **Prada, Burberry, Armani or Marc Jacobs** in a Chinese factory will not learn the mysteries of leatherworking from leading European artisans and open the next Herms?

The rise of premium and niche lines such as **Calvin Luo**, Shanghai Tang and **Angel Chen** is evidence that China's relationship with luxury has moved past copycats and mass production, signaling that the mainland is equipped to take a more active role in the industry and become a major player in the future.

"I certainly see the potential for Chinese brands to join an exclusive list of countries which are respected and renowned for their heritage brands," Mr. Druzvik said. "We are already beginning to see a glimpse of this with C-beauty brands through cross-border ecommerce."

"People certainly already associate China as a purveyor of high-quality tea, beautiful jewelry, innovative technology and delicious food," he said.

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