RESEARCH

China's luxury market losses narrowing: Bain

January 30, 2026

Valentino's VLogo print takes center stage in a Lunar New Year campaign. Image credit: Valentino

By AMIRAH KEATON

Mainland China's personal luxury goods market contracted 3-5 percent in 2025, according to global consulting firm Bain & Company.

The range marks a substantial improvement from the sharp 17-19 percent decline recorded in 2024. "China Personal Luxury Report," a new release from Bain, suggests the regional sector is showing early signs of stabilization after a years-long slowdown; increased domestic tourism and improved consumer sentiment are, among other factors, changing the landscape for high-end brands operating in the world's most strategically important luxury market, experts say.

"After the turbulence of 2024, the market in 2025 began to stabilize, although consumer confidence remained fragile," said Bruno Lannes, senior partner at Bain & Company, in a statement.

"What we are seeing is not a broad-based rebound, but the start of a recalibration phase, with early signs of recovery emerging in the second half of the year," Mr. Lannes said. "This recalibration is also segment specific, with the Very Important Clients continuing to represent a large share of the market, while younger aspiring consumers have delayed entry into the luxury category."

The categories and consumers driving growth

The report characterizes 2025 as a transition year during which consumers prioritized "true value," paying close attention to the quality, exclusivity and practicality of potential purchases.

China's luxury clients also continue to favor experience-led spending such as travel and wellness over purely material purchases. While discretionary spending remained constrained and confidence cautious, a recovery began to emerge by the second half of last year.

Performance across product categories remained uneven, though beauty proved the strongest performer, posting 4 percent to 7 percent growth, a trend the report states was fueled by steady demand for ultra-luxury skincare and fragrances.

Leather goods declined 8 percent to 11 percent, pressured by cumulative price increases and limited novelty. Fashion showed greater resilience, benefiting from faster product cycles, more innovation and deeper engagement with both high-spending and aspirational shoppers.

Bain notes that, with strong relevance among affluent younger consumers and ultra-wealthy clients, brands positioned at either the accessible luxury or ultra-premium ends of the spectrum fared particularly well.

While jewelry improved materially versus 2024, with its decline narrowing to 0 percent to 5 percent, watches remained the weakest major category, falling 14 percent to 17 percent as buyers became more rational and increasingly turned to alternative assets, secondhand options and smart or sport-focused devices.

Three consumer segments are shaping the market's trajectory: VICs, who continue to account for a disproportionate share of sales in jewelry and ready-to-wear; established middle-class and upper-middle-class shoppers, including incremental demand from lower-tier cities; and a delayed next generation of aspirational buyers, whose slower entry into luxury remains a key drag on new customer acquisition.

Repatriation, resale and local rivals

In 2025, the structure of luxury spending in China shifted in favor of the domestic market.

Last year, 65 percent of Chinese luxury consumption occurred within mainland China, with overseas purchases accounting for 35 percent.

A weaker renminbi made price gaps between China and other major luxury destinations much smaller, reducing the incentive to shop abroad. Meanwhile, domestic tourism and shopping mall promotions encouraged local consumption.

The secondhand luxury market is proliferating. Still representing less than 10 percent of the primary market, resale grew 15 percent to 20 percent in 2025, driven by rising supply of preowned goods, greater acceptance among younger and price-sensitive shoppers and the popularity of livestreaming.

Authors of the report also point to the growing influence of homegrown luxury brands, particularly in beauty, which are gaining share through culturally resonant design, as well as digital-first and chat-native consumer engagement strategies.

Looking ahead, Bain expects modest growth in China in 2026. However, gains will remain highly category- and brand-dependent. Differentiation, innovation and perceived value will determine which players emerge as long-term winners in China's evolving luxury landscape, the firm advises.