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The new rules for selling luxury in China, Japan and Southeast Asia

We unpack the latest study into how consumers in key markets across East and Southeast Asia perceive luxury today and what they expect from the shopping experience.

Luxury is bracing for further economic headwinds in China, Japan and Southeast Asia. But the appetite for luxury in the region has not disappeared — it's only evolving.

The fifth edition of a market study from Hong Kong-based Asia-wide brand distributor and operator Bluebell Group predicts that the economic headwinds troubling luxury will continue into 2026. The findings paint a downbeat picture, which has been confirmed by a slew of disappointing earnings from luxury groups in the region. Even Chanel showed itself susceptible to the global downturn in its more recent earnings, with Asia-Pacific revenue down 7.1 per cent in 2024.

Carried out in March 2025, Bluebell's survey examined 1,500 consumers across select Asian markets, with a minimum spend of at least $1,200 on lifestyle products in the previous six-month period. In China, positivity for the future decreased by 3 percentage points to 94 per cent — while still high, it's the first time in five years that sentiment has declined in the country. Positivity for the future also fell 3 per cent in Southeast Asia (90 per cent) and 4 per cent in Japan (74 per cent).

The slump across these markets was expected, according to Ashley Micklewright, president and CEO of Bluebell, which works with brands like Manolo Blahnik and Brunello Cucinelli. "The level of confidence is much lower than it was last year and in some places worse than others," he explains, adding that uncertainty over tariffs is having an indirect impact. There was a sharp drop in travel intent among Chinese consumers as well. However, this was paired with a contrasting rise in spending intent, which shows an unsettled market: hopeful but fickle, nonetheless. "As a business we are anticipating 2027 [for a rebound] and whatever will originate that impetus will be in China," Micklewright says.

Here are the four key takeaways.

Use quality and investment value to justify your pricing

The data indicates that consumers in East and Southeast Asia generally still seek brands that are timeless, low-key and do not follow trends. The reputation of a premium or lifestyle brand is key to the purchasing decisions of most consumers. This expectation has held steady in China and Hong Kong, and has grown considerably in Southeast Asia — rising from 71 per cent agreement in 2021 to 91 per cent in 2025. In China, 87 per cent of those surveyed now favour timelessness over trendiness, with similar levels in Japan and Southeast Asia.

Value retention is becoming a critical part of luxury's appeal. Luxury consumers across Asia are increasingly seeking products that deliver long-term value but can be worn repeatedly. Most say they can accept rising prices, especially when products deliver on craftsmanship. China leads here with 88 per cent in agreement, followed by Hong Kong with 81 per cent and Southeast Asia at 80 per cent. Most consumers agree that luxury is defined by the quality of the product rather than the brand behind it. Agreement is highest again in Mainland China (92 per cent). One respondent stated: "Luxury is more about the quality of the material and the product, rather than the design or the brand behind the product."

It underlines the growing need for luxury to demonstrate its value to justify its price, says Gillian Gu, founder of Indi Brands consultancy, which works with the likes of Manolo Blahnik, leather goods house Testoni and Anya Hindmarch. "The luxury market has undergone a significant shift and today's consumers are no longer saying, 'I need it,' they demand that brands convince them about why they should buy [their products]. The days when luxury thrived on selling dreams are gone. Discerning consumers now command the market," Gu says.

The report also found a broader desire to balance aspiration with practicality, which is being met by a rise in accessible luxury and dupes.

Tap the growing interest in local and niche brands

While the influence of heritage houses remains dominant, the report points to an ongoing creep of consumer fatigue and a desire for freshness, which is increasingly being satisfied by local labels and niche names. In Mainland China, 89 per cent agree that local brands are outperforming Western counterparts in innovation and responsiveness to their needs. In Southeast Asia, 81 per cent agree. Japan stands apart, with just 67 per cent in agreement and only 13 per cent strongly.

"What we're seeing is more and more Chinese and Korean brands growing in appeal outside of their country of origin. Just about everybody likes Korean brands in Asia now. But you can also see Chinese brands starting to get a hold," continues Micklewright, who says Bluebell's portfolio is shifting more and more towards Asia thanks to clients like South Korean eyewear brand Gentle Monster.

According to the report, the strength of these local names lies in their abilities to rapidly interpret trends, integrate technology and build emotionally resonant narratives, which makes them especially amenable to younger, digital-native consumers. Guangzhou-based designer Yueqi Qi, whose hashtag has over 253 million views on Xiaohongshu (or Red Note), has seen growing interest from fans in Korea and Japan for her one-of-a-kind, craft-led athleisure aesthetic. In March, the designer

collaborated on a capsule with her client XG, a Japanese girl group living in South Korea, and says she has seen a rise in sales outside of China since.

Her approach has been to build what she terms “a genuine connection” with her community by telling authentic stories through each collection. “That emotional narrative helps us resonate with a more thoughtful audience,” Qi explains. At the same time, Yueqi Qi expands its reach through “more commercial pieces and collaborations, which help grow brand awareness and create a more balanced strategy between creativity and business”.

Niche is the new luxury, especially in Southeast Asia and China. Over the last five years, Bluebell reporting confirms an ongoing shift towards individuality, the joy of discovery and the growing mainstream appeal of lesser-known names in Asia. This indicates ample growth for new brands to expand in the region, particularly in younger and digitally driven markets such as China. There is still an appetite for limited-edition items, especially in Southeast Asia and China. “Now that the young generation is changing the way they relate to luxury and what they consider luxury, they are finding a new self-identity and national identity. This transmits into the brands they identify with and therefore invest in,” says Miriam Krumpf Wright of MKW Fashion Consulting, which works with brands in Shanghai; she lists labels like Enfants Riche Deprimès, The Row, Oude Waag and Our Legacy as examples.

Quality service across all touchpoints is expected. What’s next?

The evolution of expectations in East and Southeast Asia, as identified in the research, includes customer service both in-store and online. In Micklewright’s opinion, the quality of service inside retail stores is higher in Asia than it is elsewhere in the world. The impression that luxury is more about experiences than the product itself is widely accepted by those surveyed. Of respondents from Mainland China, 96 per cent agree, Korea follows with 83 per cent and Southeast Asia with 79 per cent. After a dip, Hong Kong bounced back, rising from 56 per cent in 2023 to 81 per cent in 2025. Attitudes are changing in Japan, which jumped from just 59 per cent in 2023 to 76 per cent in 2025.

Preferences for in-store services vary significantly. Nearly half of shoppers in Mainland China (46 per cent) express desire for immersive, brand-led experiences, where sales staff play an active role in storytelling, inspiration and the anticipation of needs. In Southeast Asia, it’s 42 per cent. Consumers now expect brands to reward their loyalty: this is strongest in Southeast Asia, where 91 per cent agree, 58 per cent of which strongly. Mainland China follows closely with 94 per cent in total agreement; the figure in Japan is 75 per cent.

Houses like Chanel, Loro Piana and Tiffany continue to underwrite their VIC (very important customer) experience with “always more spectacular stores and VIC salons”, according to Jacques Roizen, managing director of China consulting at marketing company Digital Luxury Group. Balenciaga opened its biggest stores in the market in Beijing and Shanghai at the end of 2024, while Louis Vuitton and Dior are expected to open Beijing flagships towards the end of the year. In June, Hermès, meanwhile, announced the reopening of its renovated and expanded store in the Four Seasons Hotel Macau. “Houses like these are consistently invested in spectacular private and public events meant to reinforce their positions at the pinnacle of luxury,” Roizen points out.

Gu says that consumers are seeking “profound emotional value that goes far beyond transactional gestures” — such as store gift tags, fancy packaging or birthday cards. “Brands must aggressively

earn attention and affinity by curating transformative experiences or they risk irrelevance. True value justification requires a complete cultural immersion and community exchange not just superficial tactics," she advises. Personalised digital content, exclusive perks and private access also offer valuable touchpoints for individualisation.

The DNA of Chinese-founded Kering-owned Qeelin is based on modern, handcrafted jewellery that foregrounds Chinese heritage and symbolism. "Connecting emotionally with our customers through authentic and culturally relevant storytelling is our mission, and it has surely helped enhance Qeelin's desirability in China over the past years," CEO Christophe Artaux tells . Artaux says that as the customer became more sophisticated and demanding, especially within the competitive higher market segment (fine and high jewellery), it is elevating its customer experience. He also mentions a bespoke activity that offers select clients to directly connect with the brand's founder and creative director Dennis Chan on creating their dream jewel.

Qeelin brand ambassador Wang Chuqin.

Photo: Courtesy of Qeelin

Adjust expectations for outbound Chinese spend

Mainland China stands out in 2025 as the only market showing a significant decline in international travel intent — dropping from 78 per cent in 2024 to 58 per cent this year. Sophie Coulon, managing director at digital consultancy VO2 Asia-Pacific, says the drop in outbound travel reflects "a more cautious" mindset among China's consumers. In a climate of economic uncertainty, many are opting for domestic or nearby destinations. But when they do travel, they seek experiences that are culturally rich and personally meaningful. Coulon says this is especially true among younger generations, who prioritise "depth [of experience] and relevance over traditional sightseeing or shopping". For luxury brands, this means "less reliance on volume and more focus on value — through relevance, cultural sensitivity and long-term brand trust".

As this spending power is difficult to replace, Micklewright thinks the decrease in Chinese international travel has a potentially catastrophic impact for brands lacking a strong domestic presence in the country. On the plus side, other markets continue to show their credentials as global shoppers, with travel intent among respondents in South Korea at 90 per cent, Southeast Asia at 93 per cent and 82 per cent in Hong Kong. Japan is recovering, too, rising from 50 to 64 per cent.

Regardless, Artaux says China is its first and priority market by far, and where Queelin concentrates most of its distribution and efforts. "The more consumption we get in China the better," he says. Its strategy has been and remains to "selectively build an international presence as well, especially in markets where Chinese people live or travel", Artaux adds.

Consumers on the move have maintained a balance between material indulgences and experiential enrichment — although spending patterns diverge between at home and abroad, and differ across markets. Domestic spending in China remains heavily focused on luxury, with high intent for beauty and skincare (58 per cent), luxury fashion (54 per cent), and jewellery and watches (50 per cent); this indicates that they continue to shop aspirationally within their borders despite limited international movement.

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When travelling abroad, spending is more about luxury splurges. Across all markets, luxury fashion ranks among the top two categories, led by Southeast Asia (with 63 per cent), Mainland China (58 per cent) and Hong Kong (57 per cent). Beauty and skincare as well as jewellery and watches also command strong intent with shoppers in Mainland China and Southeast Asia, consistently above 55 per cent.

The findings show that travellers from Mainland China continue to favour nearby Asian destinations: Tokyo, Singapore and Hong Kong all appear in their top five (alongside Paris and Dubai). The rise of destinations like Dubai and Sydney, which are gaining modest but consistent appeal across Southeast Asia and China, shows the map is shifting.

Micklewright's advice? Brace for another prolonged period of turbulence. “The brands in Europe have been able to rely on Asia to an extent to bring a huge percentage of their business and profits. You can't do that anymore. And if your business has a high dependence on Asia, you're in for a very bumpy ride.”