

## Laopu Gold: China's Homegrown Jewellery Success Story

While European and American luxury brand sales have fallen in China, Laopu Gold Co.'s sales have doubled in each of the past two years, underscoring a shift towards homegrown brands.

By Bloomberg



Over the past couple of years, European and American luxury brands have faced falling sales in China — one of their key growth markets for decades — as mainland consumers grapple with an economy devastated by a collapse in real estate prices. In that same period, upstart domestic jewellery brand Laopu Gold Co. has prospered with a growing range of gold rings, necklaces, bracelets and more aimed at the aspirations of a bruised middle class.

The company's sales have more than doubled in each of the past two years, and its shares have soared more than twentyfold since their listing in Hong Kong a year ago. "Chinese consumers are increasingly drawn to brands that honour tradition," says Jacques Roizen, a managing director at industry consultant Digital Luxury Group. "Laopu stands out by offering a product steeped in history and Chinese traditional craftsmanship."

Laopu's rise is emblematic of a shift toward homegrown luxury brands. Seres Group Co., an automaker once best known for its 30,000 yuan (\$4,200) minivans, has overtaken BMW AG and Mercedes-Benz Group AG to become China's hottest high-end automaker, with its Aito M9 SUV taking the title of the country's bestselling car above 500,000 yuan. And Mao Geping Cosmetics Co., a premium skin-care brand founded in 2000, saw its revenue and profit jump more than 30 percent last year, even as foreign rivals such as L'Oréal SA struggled with disappointing sales in China. "For a long time, the West was seen as a symbol of progress and sophistication," says Chen Tianmin, a 42-year-old psychotherapist in Guangdong province, who spent 90,000 yuan on four pieces from Laopu in May. "Now we realise the price of Western luxury brands was often too high."

Founder Xu Gaoming opened his first Laopu store in 2009, on Beijing's upscale Wangfujing Street. The gold industry veteran wanted to employ traditional Chinese techniques, incorporating elaborate filigreed shapes and enamel glazes that give jewellery a multihued appearance. The designs play off cultural motifs such as gourds and Buddhist symbols, but with modern touches such as a matte finish and embedded diamonds or rubies. "The brand has always sought to both preserve tradition and rebel against tradition," Xu said during an April meeting with shareholders. Laopu declined to comment for this story.





The company has grown to 40 stores, and while it will continue to focus largely on China, it just opened an outlet in Singapore and is planning one in Tokyo. Its shops have glossy black storefronts, with cabinetry fashioned after a traditional Chinese study and upholstered chairs at counters filled with jewellery. When lines form outside—as they often do during holidays or special promotions — staffers offer waiting customers Evian water and Godiva chocolate. The chain primarily operates in the spiffiest shopping malls, where global luxury rivals such as Cartier, Tiffany and Van Cleef & Arpels are already present — and whose clients it can poach. “Laopu poses a serious threat to Western luxury brands,” says Chuanqi Ma, an analyst at Sealand Securities Co.

In a May conference call with stock analysts, Nicolas Bos, chief executive officer of Switzerland’s Cie. Financière Richemont SA — owner of Cartier and Van Cleef & Arpels — said Laopu understands “some of the codes of international luxury” and has “very unique” offerings. That same month, Stephane Bianchi, the deputy CEO of LVMH Moët Hennessy Louis Vuitton SE, noted the preferences of mainland consumers were changing, and local brands “are booming, since they’re Chinese,” without naming Laopu.

Laopu’s prices generally undercut those of Western luxury giants. But with its primary lineup ranging from about \$1,500 to \$7,000 — and some high-end items that top \$35,000 — it’s a big step above typical mall jewellery outlets. Like many fast-growing brands in China, Laopu has built a massive following on Xiaohongshu, the local equivalent of Instagram, with posts that mention it racking up more than 500 million views. And it’s gained traction with consumers who’ve seen their spending power eroded by the property crisis. “Laopu sits at the sweet spot of being far more premium than a mass-market brand but more affordable than most luxury,” Morgan Stanley analysts wrote in May.

While Laopu’s China sales last year were less than half of Cartier’s, Morgan Stanley says, they surpassed those of Van Cleef & Arpels. And the company is growing far faster than top luxury brands, with sales per mall (it sometimes has more than one store in the same location) exceeding those of most of its Western rivals. Its revenue jumped 168 percent in 2024, while Richemont’s greater China sales dropped 23 percent in the year ended in March.

The steady rise in the price of gold, which now trades at about double its level in 2022, has given Laopu a boost as buyers see its wares as a place to park their cash in uncertain times. But that rise could also be the biggest risk the company faces: If gold prices decline, consumers may grow wary of jewellery as a store of value.

And though Laopu this year overtook Chow Tai Fook — a 96-year-old chain with 6,000-plus stores — to become the most valuable Chinese jeweller, its formula isn’t a secret. Chow Tai Fook has already introduced heritage gold jewellery, and smaller brands are adopting an approach that echoes Laopu’s. So it will face growing competition from domestic rivals in a market where no good idea goes uncopied for long.

