

2024 Chinese gold jewellery retail insights

Cautiously optimistic on gold

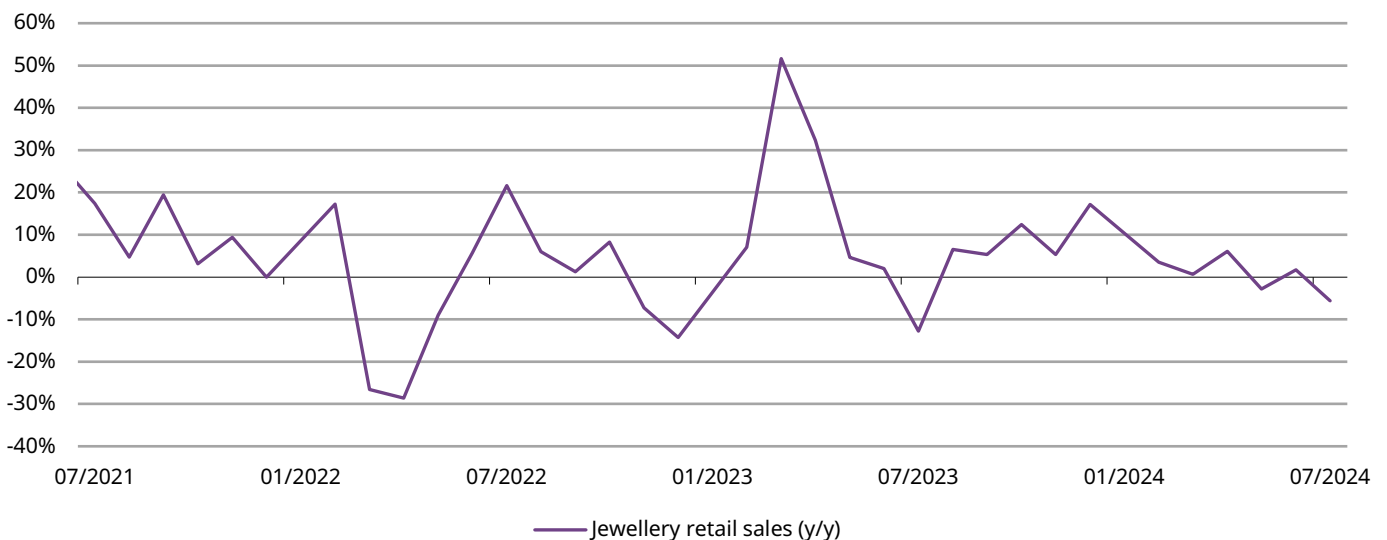
An overview of China's gold jewellery market

China's gold jewellery consumption has been weakening so far in 2024. As mentioned in our [Gold Demand Trends report](#), after a strong start in January and February – the traditional sales boost around the Chinese New Year holiday – gold jewellery demand went off a cliff. Early Q3 saw continued weakness: July jewellery retail sales – mostly gold products – fell by 6% y/y. (**Chart 1**).

Declining gold purchasing power, leading to weaker jewellery consumption (**Chart 2, p2**), is mainly the result of a surging gold price since early March and slowing income growth. And this unfavourable combination has driven consumers' gold jewellery affordability in Q2 to the lowest since Q2 2013.

Chart 1: Weakness in gold jewellery consumption continued into Q3

Y/y change in retail sales revenues of gold, silver, diamond and gem jewellery*



*Data as of July 2024.

Source: Bureau of Statistics, World Gold Council.

Highlights

Gold continues to dominate China's jewellery market in 2024.

Self-indulgent buying keeps driving gold jewellery purchases, albeit to a lesser degree than 2022.

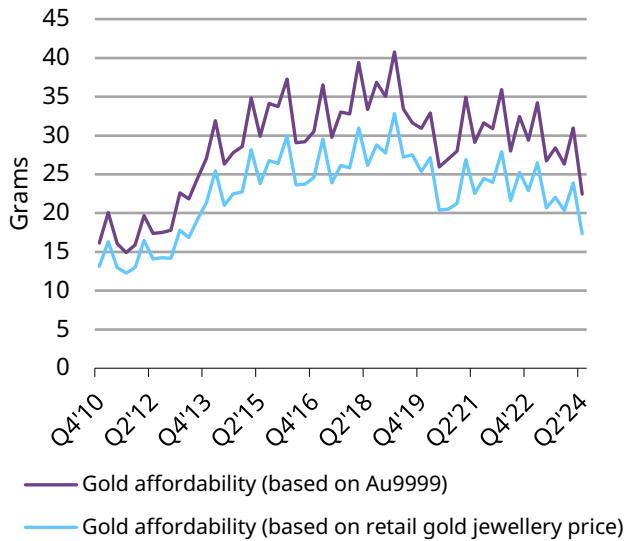
Middle-aged consumers buy gold jewellery the most often but youngsters are also key purchasers.

Although they have weakened expectations compared to previous years, retailers still expect gold products to outperform.



Chart 2: Gold jewellery is becoming more expensive relative to income

Quarterly disposable income / average gold price*



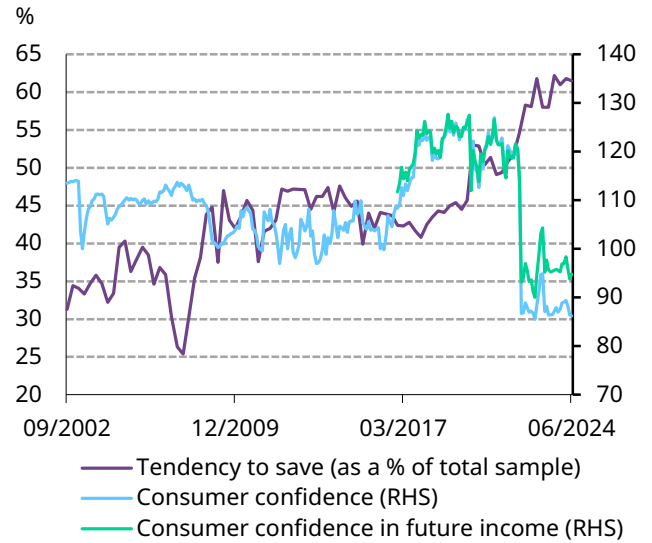
*Benchmark price based on quarterly average gold price of Au9999. Retail gold jewellery price is an average of gold prices per gram from Chow Taifook, Chow Sengseng, Chow Taiseng, Zhou Liufu, Lao Miao, Lao Fengxiang & Caibai. These prices at retail shops include costs such as rental, human capital and other retail shop-related expenses. Data as of Q2 2024.
Source: Bloomberg, World Gold Council

Alongside declining affordability, consumer willingness to spend has been weakening; confidence is at its lowest on record amid uncertainties in the country's economic outlook. And surveys by the People's Bank of China (PBoC) show that consumer willingness to save remains at its peak (Chart 3). And while the search for value preservation may have brought more consumers to gold investment products, jewellery items in general have suffered from consumer caution over spending.

The gold jewellery sector is currently experiencing challenges including shrinking sales, squeezed margins as well as industry-wide restructuring and consolidation. Against this turbulent backdrop, the World Gold Council, together with China Gold News, launched the fifth [Annual Chinese Gold Jewellery Retailers survey](#). The 2024 survey results allow us to identify current market trends and draw clues that will help the industry shape a better future.

Chart 3: Saving for an uncertain future

Households' willingness to save & consumer confidence*



*Based on the quarterly household survey from the PBoC and monthly survey from the Bureau of Statistics. Data as of July.
Source: People's Bank of China, Bureau of Statistics, World Gold Council

The 2024 survey, carried out between June and July, received 504 effective responses, from online questionnaires and face-to-face interviews. And the 504 responses were collected from:

- Tier one cities: 41%
- Tier two and three cities: 40%
- Tier four and lower: 19%.

Gold jewellery retail shop managers account for 79% of the total sample; the remainder are regional managers and wholesalers. The survey includes both national and regional brands to ensure a more comprehensive picture.

We ask similar questions about retailers' past sales performance and future expectations every year. And we also compliment these surveys with different themes, which repeat every two years. As in 2022, the 2024 survey's main themes are focused around key jewellery buying moments and each jewellery category's contribution to sales.



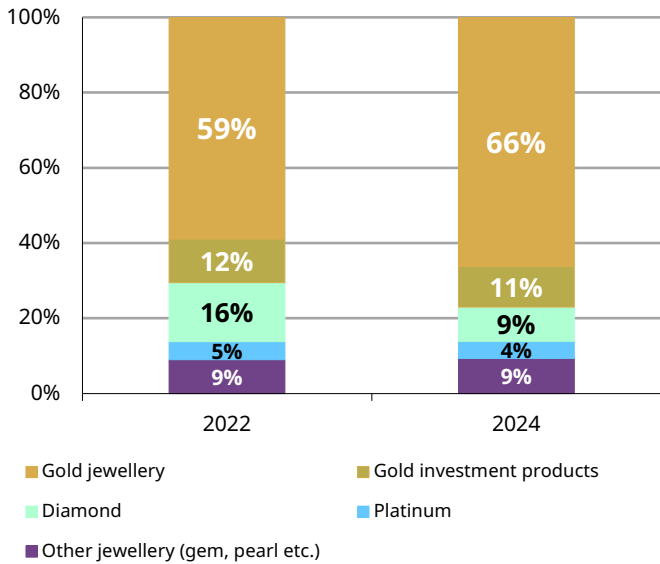
Key findings of the 2024 Chinese gold jewellery retailer survey

Gold continues to dominate the market¹

Gold products continue to dominate jewellery retail sales in 2024 (Chart 4). Respondents said that 77% of their sales came from gold jewellery – mostly 24K – and investment products, higher than the 71% in 2022 – when we last asked the same question. And while sales contributions from other categories remain relatively stable, the market share for diamond products shrunk notably – from 16% in 2022 to 9% in 2024.

Chart 4: Gold product dominance strengthened in jewellery retail sales

Various jewellery category's contribution to retailer sales by value (2024 vs 2022)*



*Both 2022 and 2024 survey results are as of July. Other jewellery includes gem, jade and pearl products. Source: China Gold News, World Gold Council

The dominance of gold jewellery products can be attributed to:

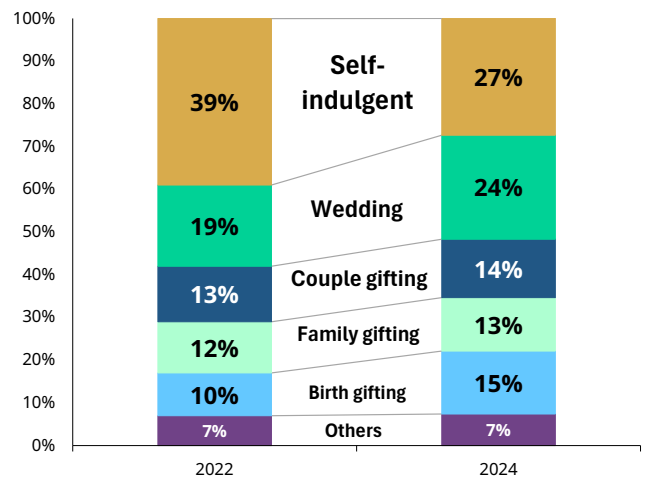
- Rising consumer awareness of the financial value of gold jewellery, especially as the local gold price has delivered strong performances in recent years
- The surging preference for households to save when economic uncertainties weigh on local assets, such as property, equities and local currency
- The industry's innovative designs, which enhance the desirability of gold jewellery products to younger consumers.

1. For definitions of various jewellery categories, please see [Glossary](#) at the end of the document.
 2. For definitions of various Chinese jewellery buying moments, please see [Glossary](#) at the end of the document.

Self-indulgent buying remains key in driving jewellery consumption but its share has declined²

We saw notable changes in the trends of jewellery purchasing moments this year (Chart 5). While self-indulgent buying remains the main motivation to purchase jewellery – as was the case in 2022 when we asked the same question – its dominance has declined. We believe this mirrors changes in consumer behaviour. Consumers who adopt a cautious attitude towards spending may have dialled down their budgets for non-essentials, such as buying jewellery for self-indulgent purposes.

Chart 5: Non-essential jewellery consumption shrunk
Q: Different occasions' contributions to retailer revenue



Source: China Gold News, World Gold Council

Meanwhile, the rise in wedding purchases and birth gifting is eye-catching. This is in sharp contrast with the declining share in self-indulgent buying yet it does not necessarily mean jewellery demand for these occasions has picked up. Compared to self-indulgent purchases, jewellery buying related to wedding and birth are usually "essential" purchases with relatively stable budgets. And a shrinking base – amid weakening jewellery consumption in general skews their shares of total revenues up. In fact, downward trends in both marriages and new births are unlikely to reverse any time soon, potentially bringing continued headwinds for jewellery purchases related to these events.³

3. For more, see: [China's demographic outlook and implications for 2035 - Economist Intelligence Unit \(eiu.com\)](#)

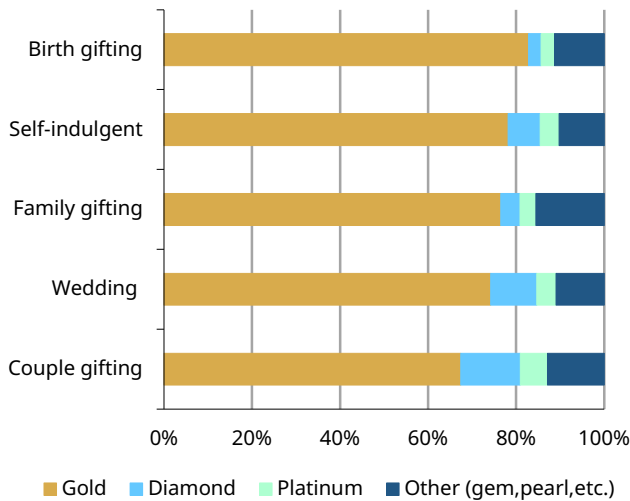


Gold still dominates all jewellery purchasing moments⁴

Among all jewellery purchasing occasions, gold's dominance continues (Chart 6). In fact, gold products are more popular at major jewellery buying occasions than they were in 2022, while the share of diamond jewellery has diminished.

Chart 6: Gold dominates all jewellery purchasing moments

% of different jewellery products by moment in 2024

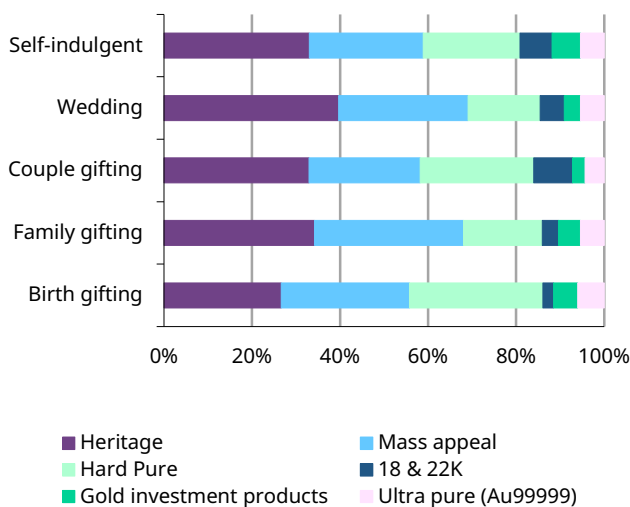


Source: China Gold News, World Gold Council

Taking a closer look, Heritage gold jewellery products are the most popular choice across all moments (Chart 7). According to the China Gold Association, Heritage products accounted for 35% of the total gold jewellery consumption in 2023, rising five years in a row.⁵

Chart 7: Heritage, mass-appeal and Hard Pure products are popular choices across all occasions

% of different categories purchased at various occasions



Source: China Gold News, World Gold Council

4. For definitions of various Chinese gold jewellery products, please see [Glossary](#) at the end of the document.

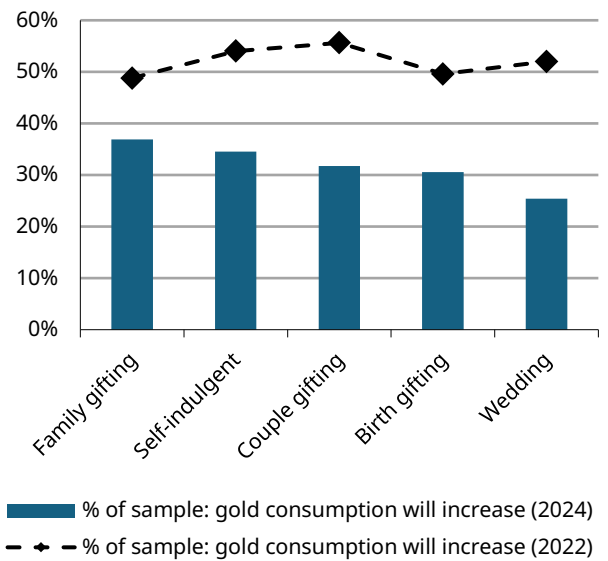
Mass-appeal and Hard Pure products are the other two major contributors. We believe that improved design of mass-appeal products and low labour charges – relative to other categories – have increased their popularity. And lower unit-total costs, amid their lighter weights, and trendy styles have made Hard Pure products the third largest gold jewellery choice across various buying occasions.

The outlook for various jewellery buying moments has changed when compared with our 2022 survey results (Chart 8). Retailers are less optimistic about gold jewellery sales across all buying moments – no surprise here. In 2024, family gifting – the least anticipated moment in 2022 – is now regarded as the most promising gold jewellery sales driver, perhaps due to its stability.

Self-indulgent buying remains an important strategic source of revenue for gold jewellery retailers going forward. Although self-indulgent buying's share of total revenue declined, its high sensitivity to economic growth means attractive prospects when China's economy rebounds. But retailers are generally more cautious about gold jewellery sales motivated by birth and weddings, due to shrinking bases of both sectors.

Chart 8: 2024 expectations are very different from 2022

% of retailers that expect gold jewellery consumption to increase



Source: China Gold News, World Gold Council

Gold jewellery consumers: how old are they?

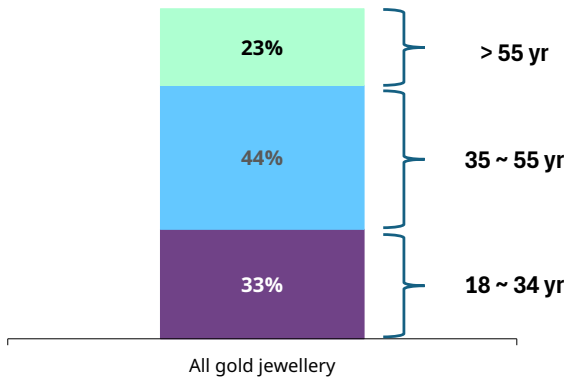
Based on our survey results, consumers between 35 and 55 buy gold jewellery more often than other age groups (Chart 9). Middle-aged consumers, in general, earn more, have enough affection for gold, and potentially have higher gifting needs, leading to more frequent gold jewellery purchases than in other age groups.

5. Data based on the annual Chinese Gold Jewellery Market Report published by China Gold Association.



Chart 9: Middle-aged consumers buy gold jewellery more often

% of gold jewellery consumers by age



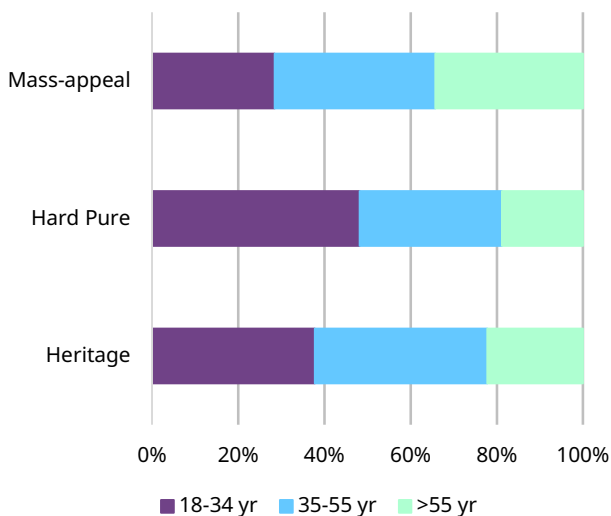
Source: China Gold News, World Gold Council

But the importance of young consumers should not be overlooked. More than one third of retail business comes from consumers aged between 18 and 34. And when taking a closer look, we find that Hard Pure gold products – which contribute the greatest profit for retailers – are mainly bought by this age group (Chart 10). Stylish designs and lower unit-total prices along with lighter-weight products attract younger consumers.

In fact, this group bought roughly 38% of all Heritage gold products sold – the second biggest margin contributor in retail stores and a close second to the middle-aged group (40%). As we noted before, the rise of “Guo chao” and the young generation’s growing cultural confidence have pushed up interest in Heritage gold jewellery. Industry participants told us that while income may limit the younger consumer’s ability to buy chunky pieces, smaller and lighter Heritage gold products with gem inlay have become popular choices.

Chart 10: Young consumers contribute the lion’s share of Heritage and Hard Pure product sales

% of gold jewellery consumers by age groups and category



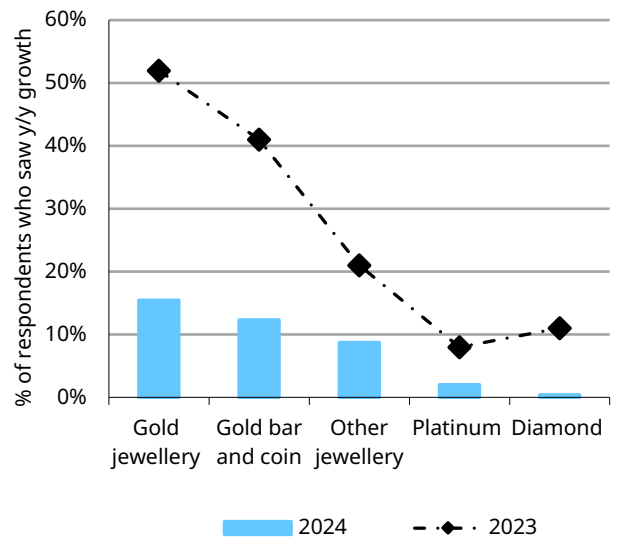
Source: China Gold News, World Gold Council

Past performance: gold continued to lead but sales weakened overall

So far in 2024 gold product sales have performed better than other categories. However, just 15% of our survey respondents witnessed y/y growth in gold jewellery sales between January and July; a sharp decline from previous years. When we asked the same question in 2023, 52% reported positive y/y growth. And this weakness extends across all jewellery categories (Chart 11).

Chart 11: While still outperforming other categories, gold sales in 2024 have weakened notably

Q: Have you seen y/y growth in sales?



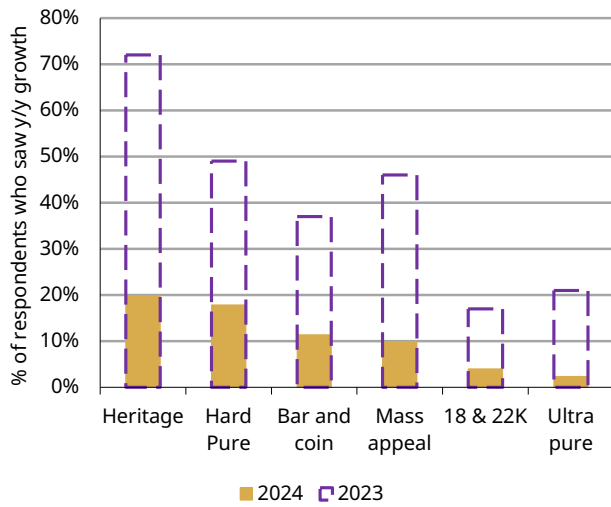
Source: China Gold News, World Gold Council

Despite this overall weakness in gold jewellery sales, Heritage and Hard Pure products continue to outperform others (Chart 12). Heritage products – with their rich Chinese cultural elements – attract consumers with high spending power, and lighter-weight and trendy styles have made Hard Pure gold jewellery the go-to choice for the younger generation.



Chart 12: Heritage and Hard Pure products continued to outperform

Q: Have you seen y/y growth in sales?



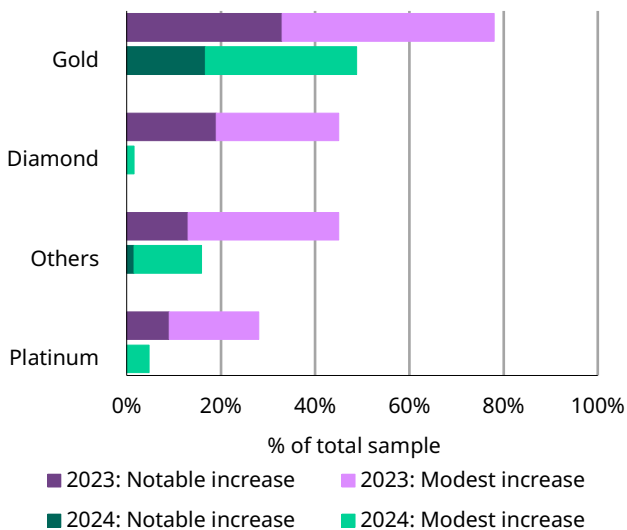
Source: China Gold News, World Gold Council

Future expectation: cautiously optimistic

Looking ahead, retailers expressed continued confidence in future sales of gold (Chart 13). 17% of respondents expect notable increases in future gold sales and 32% see modest growth, significantly outpacing other categories. Their dominance and financial value which helps preserve purchasing power may have provided confidence.

Chart 13: Retailers continue to be confident in gold but are less optimistic

Do you expect a notable/modest increase in sales during the next 12 ~ 24 months?



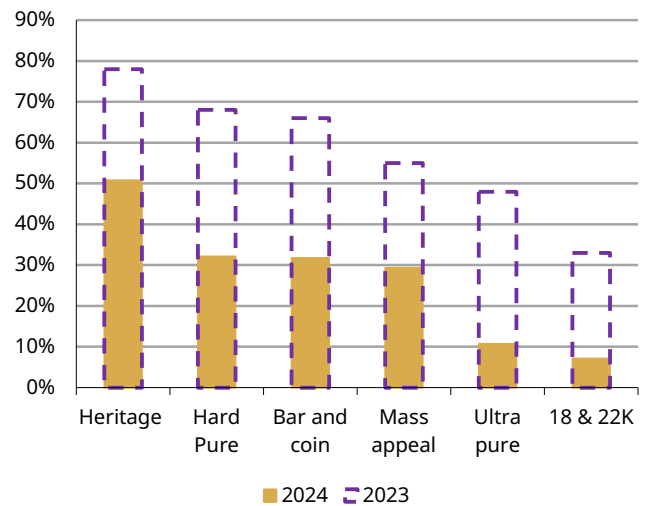
Source: China Gold News, World Gold Council

But retailers are much less sanguine than they were in 2023. Weak jewellery sales so far in 2024 overall and a pessimistic economic outlook are dashing their hopes. Nevertheless, it is worth mentioning that as gem and pearl products gain increasing popularities, especially among young consumers, 17% of retailers forecasts further improvements in future sales. Although this remains well below the 2023 level, these products, which we class as “others” make up the second most promising jewellery category, as anticipated by retailers.

Despite overall market weakness, retailer expectations around how various gold products will perform remain unchanged (Chart 14). For instance, they continue to believe that Heritage and 24K hard gold products will outperform others. And in general, different gold products’ performances so far in 2024 have featured heavily in retailers’ expectations.

Chart 14: Retailers expect similar trends among different gold product categories

Do you expect an increase in sales during the next 12 ~ 24 months?



Source: China Gold News, World Gold Council



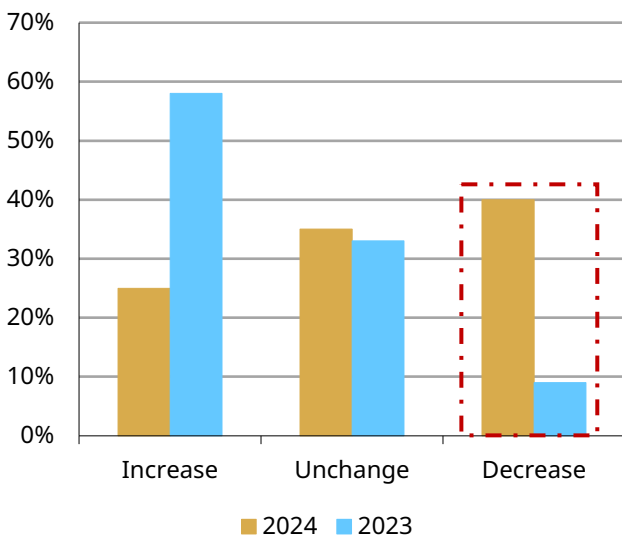
Now what?

Retailers are having to adapt their strategies in the face of multiple challenges. Contrary to their optimism of previous years, 40% of this year's sample said that they are looking to reduce their gold product inventory (Chart 15) – perhaps to free up funding costs should inventory turnover slow amid weakening consumption. But that doesn't necessarily mean they are increasing other product inventories. In fact, we believe that many have plans to lower their inventories overall in view of the current macroeconomic backdrop.

But on the bright side, a quarter of retailers still plan to increase their gold inventories. Gold's relative outperformance compared to other categories and its value-preserving/monetary nature may have provided them with assurance.

Chart 15: Unlike 2023, most retailers are looking to reduce inventory pressure

% of retailers by different inventory plans in the next 12 months



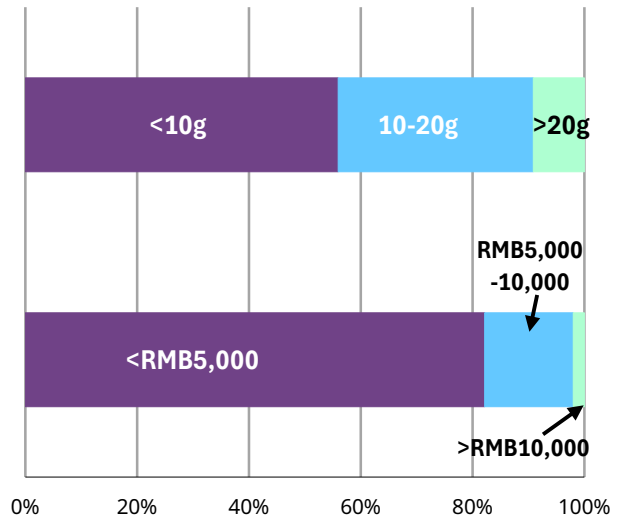
Source: China Gold News, World Gold Council

We found that retailers have drawn up product structure adjustment plans to adapt to a rapidly rising gold price. For instance, 56% of respondents have increased the share of products lighter than 10 grams and 82% say they will consider adding more items with ticket prices under RMB5,000 (Chart 16).

Meanwhile, 35% are placing bets on “middle class”, products weighing between 10 and 20 grams. As the middle-aged group drive gold sales and Heritage gold products occupy a sizeable share of the market, demand for these heavier products should persist.

Chart 16: Retailers are adapting to a surging gold price

Q: Which gold products will you focus on?



Source: China Gold News, World Gold Council

Although the majority of retailers agree that cheaper products sell the best, 55% are placing more emphasis on those with higher margins. These items, with their exquisite designs, are sought after by consumers who are willing to pay for the “right” product. The popularity of high-end gold jewellery products with intricate and distinguishing designs among certain groups, despite their expensive labour charges, is a good example.

Other retailers, after assessing current economic conditions and the record-level gold price, decide to go with the flow and focus on products that cost less. Various research has highlighted the fact that consumers appear much more rational about spending in 2024, and products with low-premium and high cost-efficiency are often preferred.⁶

Looking ahead

In conclusion, after years of impressive growth, China's gold jewellery market may be nearing saturation. The slowing expansion of gold jewellery brands, weak demand in 2024 so far, and a cautious outlook from retailers all point to a less optimistic future.

But we believe there is light in the darkness. Short-term pain, including the closure of uncompetitive stores and declining margins amid fierce homogeneous competition, may just be the cue for an industry-wide upgrade. And while households' record-high willingness to save has weighed on current demand of gold jewellery, their unprecedented deposits sitting in banks could be the potential for future consumption.

6. See: 2024 中国消费者展望 - nielseniq-cn; 从现象到本质，如今的消费又有了哪些新趋势？ 澎湃号·湃客 澎湃新闻-The Paper; 《2024 中国青年消费趋势报告》 腾讯新闻 (qq.com)



Amid the current economic weakness, we believe healthy sales performances of jewellery retailers may also come from a comprehensive jewellery eco system offering a more balanced range of products including gold and other categories. In addition, efforts in digital marketing are also key in attracting young consumers. As we have noted previously, the majority of young consumers' product purchasing journey now happens online. Thus, marketing efforts at proper digital platforms are key to build consumer awareness, to strengthen consumer trust and to increase client interactions – all vital steps leading to final purchase decisions whether it is also online or in person.

We believe that as the cycle turns and products continue to be upgraded, gold jewellery will become increasingly attractive to consumers who seek unique product design and aesthetic value, thus providing retailers with lucrative margins.



Glossary

Products available at a typical Chinese jewellery store:

- **Gold jewellery:** 24K, 18K and 22K products
- **Gold investment products:** gold bars and coins
- **Diamond jewellery**
- **Platinum jewellery**
- **Gem, pearl and jade jewellery**

Different gold jewellery categories

- **Mass-appeal:** 24K, relatively chunky and traditional gold jewellery items
- **Heritage gold products:** 24K gold jewellery products with ancient craftsmanship, matte surface finishing and traditional Chinese cultural themes. In previous years, the average weight was above 30 grams. But as the gold price surges, the average weight is now around 20 grams or lower, sometimes with diamond or other gem inlays
- **Hard Pure gold:** 24K and light-weighted gold jewellery products typically with Vickers hardness above 60. They are usually hollow and a higher hardness allows manufacturers to create more stylish and intricate designs than other categories
- **18K and 22K gold jewellery products**
- **Ultra pure: gold products with fineness of Au99999.**

Different jewellery buying moments in China

- **Self-indulgent:** jewellery buying for self-rewarding and self-indulgence
- **Wedding purchases:** it is tradition that grooms' families give "Pin Li" (bridal gifts) to brides' families to prove the groom's ability to provide for the future family. "Pin Li" usually includes chunky 24K gold jewellery sets and cash. While these gold jewellery products were usually picked and chosen by the groom's parents, now the bride typically makes the decision, and the groom pays the bill⁷

- **Birth gifting:** it is tradition in China to give babies 24K gold products – usually a necklace in the shape of a lock which is called "long-life lock" or bracelet – at their one-month celebration. "Hong bao" or red envelopes with cash in them are the other popular choice⁸
- **Couple gifting:** gifting between couples at various events including Chinese and Western Valentine's Day, birthdays and anniversaries
- **Family gifting:** gifting between family members at various events including birthdays and anniversaries
- **Others:** including corporate gifting, business partner gifting and other gifting needs.

7. For more, see: [Everything You Need to Know About Chinese Wedding Jewelry - Bride and Breakfast HK](#)

8. For more, see: [Traditional Chinese Baby Gifts That Have Survived Centuries | jingkids international | Beijing | August 20th, 2013 | beijing-kids.com](#)



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Louise Street
Senior Markets Analyst

Marissa Salim
Senior Research Lead, APAC

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Research Head, China

Taylor Burnette
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Juan Carlos Artigas
Global Head of Research

Market Strategy

John Reade
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