Research on the Development and Consumption Trends of China's Arts and Crafts Industry in the New Era

WEI Zhaohui[1]; LIU Xinlu[2]; ZHANG Yu[3]; HUANG Muqun[4]

1 Shaanxi Yukun Environmental Art Engineering Co., Ltd., Xi'an, 710065, China

2 Xi'an Academy of Fine Arts, Xi'an, 710065, China

3 4 Kangwon National University, Chuncheon, 24341, Republic of Korea

ABSTRACT

[Background] China’s arts and crafts industry is upgrading through the integration of aesthetics and daily life, reflecting rising quality-of-life demands. Covering materials to markets, it drives both cultural and consumer growth.

[Objective] This paper aims to provide an in-depth analysis of the current status and consumption patterns of China`s arts and crafts industry, while exploring its future development trends under the forces of digitalization and branding.

[Method] By defining the core features of consumer scenarios, groups, and sales channels, the study identifies dominant categories and preferences. Through case analysis of leading firms such as Chow Tai Fook, Lao Miao & Ya Yi, Yong Feng Yuan, and Margolonte, it demonstrates the industry`s mechanisms of brand innovation and cultural inheritance.

[Results] Home décor dominates the market; Gen Z and the new middle class prefer practical, travel-related products, while affluent consumers value business and investment potential. Offline experiences stay vital, but online and content-driven sales surge, with “Technology+,” “Culture+,” and “Lifestyle+” driving digital innovation in heritage preservation.

[Conclusion] China`s arts and crafts industry is moving toward high-quality development, with digitalization and branding identified as the main driving forces. Standardization, brand building, and cultural storytelling are consolidating competitiveness

Keywords: Arts and Crafts; Marketing; Consumers; Technology and Art; Brand Development

ORCID: 0009-0008-4763-0719

Corresponding Author: HUANG Muqun; 546417633@qq.com

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1 Introduction

1.1 Definition and History of Arts and Crafts

Arts and crafts are an important component of Chinese civilization, embodying the intellectual wisdom and practical experience of the nation, with a variety of categories and techniques renowned worldwide. According to the National Arts and Crafts Industry Census Report and the Practical Product Catalogue for Statistical Purposes compiled by the National Arts and Crafts Industry Census Office of the China Arts and Crafts Association (China National Arts and Crafts Industry Census Office, 2009), arts and crafts encompass 11 major categories, 65 medium categories, 83 subcategories, and 1,881 varieties, including sculpture, drawn-thread embroidery, jewelry, and so on. They are not only an important segment of the consumer goods industry but also an integral part of the modern industrial system, holding an important position in the development of a manufacturing powerhouse and a culturally strong nation. For a long time, arts and crafts have played a significant role in meeting people`s aspirations for a better life, promoting regional economic development, and fostering economic and cultural exchanges both domestically and internationally.

From the perspective of raw material classification, excluding ethnic arts and crafts and other products, arts and crafts can be divided into ten main categories:

(1) Sculpture crafts: Works made from hard natural materials such as wood, jade, bamboo, gemstones, coconut shell, ivory, tree roots, horn, cartilage, shells, as well as ground stone, clay, or dough, processed through carving, polishing, and other techniques, for ornamental, practical, and ceremonial purposes.

(2) Metal crafts: Works made from metals such as gold, silver, copper, iron, and tin, formed through casting, forging, chasing, wire drawing, welding, inlaying, granulation, firing, polishing, and gilding, for ornamental, practical, and ceremonial purposes.

(3) Lacquerware crafts: Traditional or modern lacquerware products made with wood, paper, plastic, copper, or cloth as the base, decorated with bright lacquer through carving, painting, inlaying, and other techniques, for ornamental, practical, and ceremonial purposes.

(4) Floral and painting crafts: Hanging or displayable floral, fruit, or leaf works made from silk flowers, grass fibers, yarn, paper, polyester, plastic, feathers, cut grass, or dried flowers, shaped through design and molding, for ornamental, decorative, and ceremonial purposes.

(5) Drawn-thread and embroidery crafts: Household and ceremonial textiles with distinctive decorative functions, made from cotton, linen, silk, wool, and synthetic fibers through embroidery, drawn-thread work, crocheting, and other techniques.

(6) Carpet and tapestry crafts: Items with home decoration functions, made from wool, silk, cotton, linen, and synthetic fibers, handwoven or machine-woven, used for floor covering, wall hanging, seating, and ceremonial purposes.

(7) Jewelry and related items: Decorative and ceremonial objects made from precious metals such as gold, silver, platinum, and from diamonds, gemstones, jade, jadeite, and pearls, processed and set into various patterns.

(8) Natural plant fiber weaving crafts: Practical items or display and ceremonial objects with artistic shapes or patterns, made from natural plant fibers such as bamboo, rattan, palm, straw, willow, hibiscus, and hemp, woven and inlaid, including folk fiber crafts and items for festivals, weddings, ceremonies, and theatrical props.

(9) Ceramic crafts: Artistic products made from ceramics, such as vases, bowls, plates, tea sets, sculptures, and ornaments.

(10) Fireworks and firecrackers: Products using gunpowder to create effects such as aerial blooms, shells, Roman candles, fountains, and flashes, as well as firecrackers, bangers, and other explosive products made from

gunpowder.

The history of Chinese arts and crafts is both a record of spiritual and cultural development and a reflection of the evolution of material civilization. It embodies the creative achievements of generations of laborers, craftsmen, and artisans, characterized by extensive variety, sophisticated techniques, and rich content(Chen et al., 2024). During the prehistoric period, early inhabitants mastered the techniques of chipping and polishing stone tools and acquired the controlled use of fire. As productivity advanced, they developed pottery-making techniques represented by painted pottery and black pottery, along with ivory and bone carving and textile weaving, marking the initial formation of arts and crafts.

In the Shang dynasty, advancements in agriculture, animal husbandry, and handicraft industries fostered the maturation of techniques such as bronze casting, ceramic firing, and carving, leading to the establishment of a formalized system of ritual vessels with precise forms and elaborate ornamentation.In the Zhou dynasty, the strict hierarchical system exerted a profound influence on arts and crafts. Bronze ware was functionally classified into cooking vessels, food containers, wine vessels, water vessels, musical instruments, and weapons. Techniques in textile dyeing and weaving, lacquerware, and jade carving developed, and craft forms became closely integrated with ritual codes.During the Spring and Autumn and Warring States periods, the disintegration of slavery and the consolidation of the feudal system resulted in diverse regional styles, shaped by geographic and economic conditions. Innovations in bronze, ceramics, textiles, and lacquerware extended both functional and decorative aspects, incorporating local characteristics.In the Qin and Han dynasties, the Qin unification of the Six States facilitated cultural integration, while the economic prosperity of the Han period supported the establishment of central and local institutions for handicraft management. Bronze ware, gold and silver ware, ceramics, textiles, lacquerware, stone carving, and jade carving all attained a high level of development, forming a structured production system.During the Six Dynasties, social upheavals prompted large-scale population migrations and cultural exchanges, advancing ceramics, lacquerware, and textile crafts. Metalworking transcended the limitations of bronze, with iron and other metals being widely used.In the Sui and Tang dynasties, arts and crafts reached a historical apex. Tang ceramics were exemplified by polychrome glazed ware such as Tang sancai. In textile techniques, brocade weaving and printing and dyeing emerged, enriching product categories. Gold and silver ware and bronze mirrors were produced to a high level of refinement, and notable advancements were achieved in lacquerware and furniture manufacturing techniques.In the Song dynasty, building upon the foundation of the Five Dynasties and Ten Kingdoms, handicrafts continued to advance. Administrative institutions for craft management were refined, commercialization became widespread, and specialization increased in ceramics, textiles, metalwork, and lacquerware. Song porcelain and brocade weaving became defining symbols of the era.The Yuan dynasty emphasized the role of artisans; however, warfare had a negative impact on overall craftsmanship. Ceramic production temporarily declined, and the folk textile industry suffered, though noble brocades, wool fabrics, and cotton weaving maintained relative prosperity. Gold and silver ware and lacquerware still achieved notable accomplishments.In the Ming dynasty, handicraft industries experienced unprecedented prosperity. Ceramic production revived fully, with Jingdezhen emerging as the national porcelain manufacturing center. Textile techniques improved, and in metal crafts, representative products such as Xuande incense burners and cloisonné enamel (Jingtai blue) became well-known. Lacquer techniques reached a high level of refinement.In the early Qing dynasty, production recovered. During the reigns of Kangxi, Yongzheng, and Qianlong, handicrafts and commerce flourished. Ceramics, textiles, lacquerware, sculpture, and metal crafts made substantial progress, with imperial court crafts achieving exceptional levels of precision and artistry.

In the modern era, under the impact of Western industrialization, traditional arts and crafts entered a transitional period. The influx of foreign products reduced the domestic market for traditional handicrafts. Some palace and high-end crafts continued in a self-sufficient mode, but production increasingly shifted toward market orientation and economic efficiency.Following the founding of the People`s Republic of China, a relatively complete arts and crafts system was established to meet the living needs of all ethnic groups while also serving export markets. This has promoted the protection, transmission, and innovation of traditional craftsmanship.

1.2 The Arts and Crafts Industry Chain

The arts and crafts industry chain comprises upstream activities such as raw material extraction and trading, midstream processes of product design and manufacturing, and downstream consumer markets. Overall, the industry is characterized by generally small enterprise scale, fragmented industrial distribution, insufficient market competitiveness, slow development pace, and irregularities in consumer market order.

Current development trends indicate accelerating cross-sector integration under the ‘Technology +` ‘Culture +` and ‘Lifestyle +` models. Digital technologies are playing an increasingly significant role in cultural heritage preservation and dissemination, industrial upgrading, and enhancing industry influence. Simultaneously, progress in industry standardization and brand-oriented operations is evident, with brand IP development and cultural storytelling becoming important pathways for promoting the high-quality development of arts and crafts.

In 2022, large-scale enterprises in China`s arts and crafts industry generated a total operating revenue of RMB 910.61 billion, of which jewelry and related product manufacturing accounted for RMB 369.51 billion—representing 41% of the total industry and constituting the largest and most significant sub-sector. (Industrial Culture Development Center, Ministry of Industry and Information Technology, 2023)

Table 1 Revenue of Arts and Crafts Enterprises

Category	Jan–Dec (100 million RMB)	Same Period Last Year (100 million RMB)	Growth Rate (%)
Sculpture Crafts Manufacturing	1351.4	1314.1	2.8
Metal Crafts Manufacturing	732.5	774.2	-5.4
Lacquerware Crafts Manufacturing	169.4	162.2	4.4
Floral and Painting Crafts Manufacturing	217.9	217.2	0.3
Natural Plant Fiber Weaving Crafts Manufacturing	429.3	419.4	2.4
Drawn-thread and Embroidery Crafts Manufacturing	542.4	538.5	0.7
Carpet and Tapestry Manufacturing	371.6	393.9	-5.7
Jewelry and Related Items Manufacturing	3695.1	3672.3	0.6
Other Arts, Crafts, and Ceremonial Items Manufacturing	1715.1	1715.5	-0.1

From the perspective of subcategories, revenues from sculpture crafts manufacturing recorded slight growth during the year; metal crafts manufacturing showed a certain decline; lacquerware crafts manufacturing achieved a notable increase; floral and painting crafts manufacturing maintained marginal growth; both natural plant fiber weaving crafts manufacturing and drawn-thread and embroidery crafts manufacturing recorded slight increases; carpet and tapestry manufacturing declined; jewelry and related items manufacturing maintained marginal growth; and other arts, crafts, and ceremonial items manufacturing showed a slight decrease. This statistical scope does not include ceramic products or fireworks and firecrackers.

In terms of revenue structure, jewelry and related items manufacturing accounted for the largest share, followed by other arts, crafts, and ceremonial items manufacturing, sculpture crafts manufacturing, and metal crafts manufacturing. Drawn-thread and embroidery, natural plant fiber weaving, and carpet and tapestry manufacturing accounted for relatively small proportions, while lacquerware and floral and painting crafts manufacturing had the smallest shares.

The total profit of the industry reached RMB 46.12 billion, with 5,322 large-scale enterprises. Among them, jewelry and related items manufacturing generated RMB 12.75 billion in profit, ranking first; other arts, crafts, and ceremonial items manufacturing exceeded RMB 12 billion; and metal crafts manufacturing also maintained a high profit level. Lacquerware crafts manufacturing and floral and painting crafts manufacturing had relatively small profit volumes, though some categories within these segments achieved high growth rates. Profit growth trends in the industry were divergent, with certain subcategories experiencing negative growth.

In terms of enterprise distribution, other arts, crafts, and ceremonial items manufacturing had the largest number of enterprises, followed by sculpture crafts manufacturing, metal crafts manufacturing, and jewelry and related items manufacturing. Carpet and tapestry manufacturing enterprises ranked in the middle, while lacquerware crafts manufacturing and floral and painting crafts manufacturing had the fewest enterprises. Overall, industry profits were concentrated in high value-added categories, enterprise distribution was uneven, and there were clear structural differences in scale and growth rates across subcategories.

Table 2 Number of Enterprises in Arts and Crafts–Related Manufacturing

Category	Number of Enterprises
Other Arts, Crafts, and Ceremonial Items Manufacturing	1,697
Sculpture Crafts Manufacturing	884
Metal Crafts Manufacturing	578
Jewelry and Related Items Manufacturing	500
Carpet and Tapestry Manufacturing	400
Lacquerware Crafts Manufacturing	107
Floral and Painting Crafts Manufacturing	131

1.3 Industry Analysis

The PSET analysis model is a systematic analytical framework that integrates macro-environmental factors with industry characteristics. It encompasses four dimensions—Policy, Social, Economic, and Technology—and is characterized by aligning external environmental conditions with the operational logic of the industry to identify driving forces, constraints, and potential opportunities for industry development.

From the policy perspective, the state continues to introduce industrial support measures that provide stable institutional guarantees for the sector. In July 2023, the Ministry of Industry and Information Technology, the National Development and Reform Commission, and the Ministry of Commerce jointly issued the Work Plan for Stabilizing Growth in the Light Industry (2023–2024)(Industrial Culture Development Center (MIIT), 2023), which explicitly set out the direction for promoting the high-quality development of arts and crafts. The plan covers policy support, standards development, talent training, and organizational implementation, providing strong conditions for optimizing the industry structure and stimulating vitality.

From the social perspective, growing national cultural confidence has heightened public awareness of the cultural value and aesthetic significance of traditional crafts. Under the dual drivers of cultural identity and market demand, traditional crafts have been integrated into diversified consumption scenarios, gaining broader recognition and attention.

From the economic perspective, rising household incomes and consumption levels have provided a solid foundation for market expansion. In 2023, the national per capita disposable income reached RMB 39,218, an increase of 6.3% year-on-year (6.1% in real terms), while per capita consumption expenditure reached RMB 26,796, up 9.2% year-on-year (9.0% in real terms). With changes in consumer demographics and diversification of sales channels, the arts and crafts market is presented with more diverse development opportunities.

From the technology perspective, emerging craft techniques and digital tools are transforming traditional production and dissemination methods. The application of 3D printing, digital design software, and high-performance materials is driving innovation and upgrading in production processes. High-definition scanning, virtual reality, and other technologies enable the precise recording and reproduction of traditional techniques and classic works, while also providing new tools for artisan learning and creation.

Based on these factors, the arts and crafts industry has developed a relatively complete full-industry-chain layout. The upstream segment includes the supply of raw materials such as ceramics, glass, gemstones, metals, wood, lacquer, and textiles, as well as design and R&D that integrate traditional techniques and intangible cultural heritage. The midstream segment covers raw material processing and finished product manufacturing—from material selection, cutting, carving, and polishing to inlaying, coloring, decorating, and assembly—with increasing integration of environmental concepts and new material applications. The downstream segment encompasses exhibition and sales, appraisal and evaluation, collection and investment, and cultural dissemination, which include offline showrooms, museums, and art exhibitions, as well as e-commerce platforms and online virtual galleries.

This structure, driven by policy guidance, social demand, economic conditions, and technological progress, has not only enhanced the market adaptability of the industry but also laid a solid foundation for cultural heritage preservation and sustainable development. Combining PSET analysis with the full-industry-chain structure provides a comprehensive depiction of the operational system of the arts and crafts sector—covering upstream raw material supply and design/R&D, midstream raw material processing and craft production, and downstream exhibition and sales, appraisal, collection and investment, and cultural dissemination. This analysis reveals the industry`s adaptability under various external environmental factors and offers institutional and structural references for formulating development strategies.

1.4 Research Objectives and Literature Review

1.4.1 Research Purpose

This study aims to systematically analyze the current development status, consumption structure, and market trends of China`s arts and crafts industry in the context of the new era. It seeks to reveal the characteristics and patterns of change in areas such as inheritance and innovation, functionality and aesthetics, as well as marketization and branding. By reviewing authoritative industry reports, official statistics, corporate annual reports, and typical cases, combined with cross-industry integration practices, this study intends to provide data support and theoretical references for government policymaking, enterprise strategy optimization, and academic research, thereby promoting the comprehensive value of arts and crafts in cultural dissemination, economic development, and aesthetic enhancement.

1.4.2 Literature Review

Policy Orientation and Institutional Framework

Existing studies in this category focus on top-level design and governance structures. Representative works include China Traditional Craft Revitalization Plan (General Office of the State Council, 2017), which emphasizes protecting and innovating traditional crafts through establishing standards, talent cultivation mechanisms, and industrial support systems. Its limitation lies in the absence of performance evaluation and implementation data.

The Guiding Opinions (Ministry of Culture and Tourism, Ministry of Industry and Information Technology, State Administration for Market Regulation, 2024) highlight the promotion of industry standardization, intellectual property protection, and market supervision, proposing the ‘inheritance + innovation + branding` model. However, detailed implementation pathways remain insufficient. The policy interpretation by the Ministry of Culture (2017) explains key principles and local government responsibilities but offers no empirical evidence. The written response on promoting internationalization (Ministry of Culture and Tourism, 2022) suggests overseas exhibitions and brand promotion as key measures, yet lacks concrete market analysis. The Regulations on Master Demonstration Studios in Beijing (Beijing Municipal Bureau of Culture and Tourism, 2025) define standards for studio construction and funding mechanisms to foster leadership and innovation, but their actual performance remains unverified.

Current Industry Development and Trends

The China Arts and Crafts Census Report (China Arts and Crafts Association Census Office, 2009) provides the first systematic statistical baseline, detailing enterprise numbers, workforce size, and category distribution, though the data are outdated.

History of Chinese Arts and Crafts (Chen Zhifo, Luo Shuzi, compiled and edited by Xia Yanjing, 2024) traces historical evolution, stylistic schools, and cultural traditions, offering theoretical context but lacking market perspective.

The Report on the Development of China`s Industrial Culture (Ministry of Culture and Tourism, 2023) focuses on industrial culture and its integration with manufacturing, serving as a policy reference for modernization but offering limited craft-specific analysis.

The China Arts and Crafts Industry Report (China Arts and Crafts Association, 2024) analyzes market size, consumer structure, and category distribution, stressing digital transformation. However, reliance on association data without third-party verification remains a limitation. Collectively, this category suffers from inconsistent statistical definitions and insufficient empirical evidence on digitalization and cross-industry integration.

Talent Cultivation and Heritage Mechanisms

The National Training Program for Intangible Cultural Heritage Practitioners (Ministry of Culture, Ministry of Education, 2017) promotes integration of ‘intangible heritage + industry` targeting young craft practitioners. However, it lacks longitudinal studies on training outcomes and market impact. Similarly, Beijing`s Master Demonstration Studio policy (Beijing Municipal Bureau of Culture and Tourism, 2025) aims to facilitate design innovation and cross-border collaboration but lacks evidence of long-term effectiveness.

Internationalization and Market Expansion

Research in this area centers on strategies for brand development and global promotion. The Ministry of Culture and Tourism`s policy response (2022) encourages international exhibitions, cultural exchanges, and brand building but omits empirical studies on target market dynamics.

The Competitive Study on the Handicrafts Sector in China (EPCH, 2020) compares China and India`s export structures, highlighting China`s advantages in scale and product diversity while noting deficits in original design and global marketing capabilities.

The English-language paper Analysis of the Current Market Situation of China`s Arts & Crafts Industry (Anonymous, 2021) positions Chinese crafts within the global supply chain and emphasizes the lack of digital marketing strategies, but conclusions rely heavily on qualitative assessment rather than quantitative validation.

Regional Characteristics and Exhibition Economy

Regional studies largely employ descriptive case analysis. The Dapu County Ceramic Industry Development Plan (Dapu County Government, 2021) proposes integration of industrial parks and cultural tourism to modernize ceramics but provides no performance data.

Similarly, the Shandong Arts and Crafts Expo Press Release (Shandong Arts and Crafts Association, 2023) stresses the role of exhibitions in promoting brand awareness and distribution channels but lacks systematic evaluation.

Market Segmentation and Corporate Strategies

Reports such as Gold Jewelry Peak Season Review: Sustained Prosperity and Brand Polarization (Zheshang Securities Research Institute, 2022) indicate steady demand for gold jewelry during economic uncertainty and increased concentration of leading brands, though they overlook long-term digitalization trends.

Another report, Product Innovation + Channel Reform: Leading the 'Golden Era` (Zheshang Securities Research Institute, 2022), underlines the importance of online expansion and design innovation but is limited by short observation periods.

Annual reports from Chow Tai Fook, Lao Miao, and Ya Yi (2022–2024) document brand strategies, channel diversification, and digital adoption, but these materials remain largely descriptive and lack theoretical interpretation.

1.4.3 Comprehensive Assessment

Current literature spans policy, industry development, talent cultivation, internationalization, regional dynamics, and enterprise strategies, forming a foundational framework for understanding China`s arts and crafts sector. However, common deficiencies persist: policy research lacks quantitative performance assessments; industry analyses suffer from outdated or inconsistent data; talent studies do not track long-term outcomes; internationalization research remains strategy-oriented without empirical validation; regional studies are primarily promotional rather than analytical; and corporate analyses emphasize short-term market trends without integrating cultural or digital variables. Future research should emphasize data-driven evaluations, interdisciplinary approaches, and empirical case studies that account for digital economy transformations and cultural innovation.

2 Consumer Insights

2.1 Consumer Profile

According to the 2024 Arts and Crafts Industry Report released by the China Arts and Crafts Design and R&D Center, current Chinese arts and crafts consumers can be categorized into three groups based on age, family status, income level, and consumption characteristics.

The first group is the new generation, aged 20–30, mostly single or newly married without property ownership, with an annual income below RMB 50,000. Their consumption is primarily for personal use, focusing on the combination of aesthetics and practicality within an affordable price range. They prefer diversified and personalized products and emphasize the 'small happiness' experience that enhances daily life satisfaction.

The second group is the new middle class, aged 30–45, typically married with children and property ownership, possessing 10–15 years of professional experience, and earning RMB 500,000–1,000,000 annually. Their consumption serves both personal needs and social interaction, with a tendency to choose high-end crafts for gifting and social occasions, while in daily life they emphasize a balance between aesthetics and practicality.

The third group is high-net-worth individuals, aged over 45, with substantial asset accumulation, over 20 years of professional experience, and mostly in senior management positions, earning more than RMB 1,000,000 annually. Their consumption encompasses personal use and gifting, with a focus on preservation of value, scarcity, and appreciation potential. They prefer works by renowned masters and adhere to the principle of ‘quality over quantity’ in purchasing.

In terms of category awareness, cultural and creative collectibles have the broadest audience and highest recognition; jade products possess significant market potential due to their investment value; ceramics also attract considerable investment interest; metalware has relatively low recognition, requiring further market education and promotion.

Purchase data indicate that, for the new generation, the highest purchase proportion is in cultural and creative collectibles, followed by ceramics and jade. The new middle class concentrates their purchases on ceramics, jade, and Zisha teapots. High-net-worth individuals show a preference for jade and cultural and creative collectibles, with Zisha teapots also among their main purchased categories.

Table 3 Main Categories of Arts and Crafts Purchased by Different Consumer Groups

Consumer Group	Main Purchased Categories	Consumer Group	Main Purchased Categories
New Generation	Cultural and creative collectibles, ceramics, jade	New Generation	Cultural and creative collectibles, ceramics, jade
New Middle Class	Ceramics, jade, Zisha teapots	New Middle Class	Ceramics, jade, Zisha teapots
High-Net-Worth Individuals	Jade, cultural and creative collectibles, Zisha teapots	High-Net-Worth Individuals	Jade, cultural and creative collectibles, Zisha teapots

2.1.1 Purchase Intentions

In terms of future purchase intentions, interest in cultural and creative collectibles among the new generation is almost universal, with planned spending on ceramics and jade expected to increase significantly. The new middle class shows a greater inclination toward cultural and creative collectibles, jade, and ceramics. High-net-worth individuals focus their interest primarily on Zisha teapots, jade, and ceramics. Overall, the trend indicates that cultural and creative collectibles will continue to strengthen their appeal among younger consumers, while the investment and collection value of jade, ceramics, and Zisha teapots will be further reinforced in the mid-to-high-end market.

Table 4 Future Most Concerned Arts and Crafts Categories by Consumer Group

Consumer Group	First Priority Category (%)	Second Priority Category (%)	Third Priority Category (%)
New Generation	Cultural and creative collectibles (99.7)	Ceramics (48.6)	Jade (48.6)
New Middle Class	Cultural and creative collectibles (58.0)	Jade (50.1)	Ceramics (43.9)
High-Net-Worth Individuals	Zisha teapots (55.8)	Jade (55.8)	Ceramics (44.2)

In terms of category awareness, the new generation and the new middle class have relatively blurred conceptual boundaries between cultural and creative collectibles and traditional arts and crafts, with the new generation showing the strongest purchase interest and intention toward cultural and creative collectibles. Ceramics and jade are the most popular traditional arts and crafts categories, with high-net-worth individuals demonstrating significantly greater interest in these two categories compared with other groups. The metalware (sculpture) market remains relatively small in scale and shows limited growth momentum; therefore, greater efforts in consumer education and promotional activities will be necessary in the future.

2.1.2 Brand Awareness

In terms of brand awareness, survey results indicate that consumer awareness of arts and crafts brands is limited, with relatively narrow channels of recognition and a single form of promotion. Overall, brand awareness remains low and is mainly acquired through three channels: tourist attractions, shopping discovery, and advertising and marketing.

In the survey question 'Have you heard of arts and crafts brands?', the majority of the new generation reported no awareness, with only a small proportion indicating awareness. Among the new middle class, the proportion of those with awareness is relatively higher but still outnumbered by those without awareness. For high-net-worth individuals, the proportion with awareness is slightly higher than that of the new middle class, yet those without awareness remain the majority.

Table 5 Brand Awareness of Arts and Crafts Among Different Consumer Groups

Awareness Level	New Generation (%)	New Middle Class (%)	High-Net-Worth Individuals (%)
Aware	6.5	22.6	24.7
Not Aware	93.5	77.4	75.3

In response to the question 'How did you learn about arts and crafts brands?', the new generation primarily acquires information about related products through tourist attractions, advertising and marketing, and shopping discovery, with a smaller proportion coming from recommendations by friends and relatives or other channels. For the new middle class, the main channels are also tourist attractions, shopping discovery, and advertising and marketing, but the proportion of recommendations by friends and relatives is higher than among the new generation. High-net-worth individuals rely more on shopping discovery and recommendations by friends and relatives, with tourist attractions and advertising and marketing accounting for a smaller share, and other channels being relatively minor.

Table 6 How Different Consumer Groups Learn About Arts and Crafts Brands

Channel	New Generation (%)	New Middle Class (%)	High-Net-Worth Individuals (%)
Tourist Attractions	29.6	25.8	15.8
Shopping Discovery	18.8	23.6	26.3
Advertising & Marketing	36.4	29.6	21.6
Recommendations by Friends/Relatives	7.2	15.9	21.1
Other	8.0	5.2	5.3

Analysis and summary indicate that overall brand awareness is low, with awareness rates for all three groups below 20%, and the lowest among the new generation. Consumers show confusion in distinguishing between concepts such as brand, category, and place of origin—for example, regarding 'Cloisonné' (Jingtailan) or 'Jingdezhen' as brands. Only 6.32% of respondents (182 out of 2,882) could clearly name specific brands.

Awareness channels are concentrated: tourist attractions have the strongest reach to Generation Z, advertising and marketing have the greatest influence on the new middle class, and high-net-worth individuals are more inclined to discover new brands through shopping discovery.

2.1.3 Spending

In terms of spending, the annual expenditure of arts and crafts consumers is positively correlated with income level. For low-income groups, annual spending is mainly concentrated in the RMB 100–500 range. As income levels increase, the amount spent rises correspondingly.

In the survey question 'In which price range were the arts and crafts you purchased?', results show that the new generation`s purchases are mainly in the low to lower-middle price ranges, with a relatively high proportion in the mid-price segment. The new middle class demonstrates a more balanced spending distribution, with certain proportions across low, mid, and upper-middle price ranges. High-net-worth individuals have a larger share of purchases in the upper-middle price range, with a certain proportion also in the high-end price range.

Table 7 Price Ranges of Arts and Crafts Purchased by Different Consumer Groups

Price Range (RMB)	New Generation (%)	New Middle Class (%)	High-Net-Worth Individuals (%)
0–100	16.3	9.4	7.8
101–500	37.4	33.6	29.7
501–1,000	19.3	26.1	18.6
1,001–3,000	16.3	19.8	21.6
3,001–10,000	8.2	6.7	16.2
10,001–100,000	2.6	3.2	0.3
Above 100,000	0.0	1.3	1.3

In response to the question 'Which price range of arts and crafts are you most willing to purchase in the future?', results show that the new generation`s purchase intentions are clearly concentrated in the mid-price range, with growing interest in high-end products. The new middle class demonstrates a relatively dispersed distribution of intended price ranges, though the lower-middle to upper-middle ranges remain dominant. High-net-worth individuals, in their future consumption intentions, show an increased proportion in the lower-middle price range, while still maintaining interest in high-end and ultra-high-end products.

Table 8 Purchase Intentions for Arts and Crafts by Price Range among Different Consumer Groups

Price Range (RMB)	New Generation (%)	New Middle Class (%)	High-Net-Worth Individuals (%)
0–100	3.3	8.8	11.6
101–500	21.8	23.5	32.6
501–1,000	28.1	20.6	14.0
1,001–3,000	28.1	26.5	25.6
3,001–10,000	12.9	8.8	4.7
10,001–100,000	4.6	4.7	7.0
Above 100,000	1.2	7.0	4.5

Analysis and summary indicate that the RMB 100–3,000 price range covers the purchase intentions of most consumers, with the combined proportion for the new generation and new middle class exceeding 90%, and with high-net-worth individuals also showing strong willingness to purchase within this range. Preferences for higher-priced products are clearly differentiated: high-net-worth individuals have stronger intentions to purchase products in the RMB 3,000–10,000 range, viewing them as better reflecting value and self-identity. Extremely low-priced products (below RMB 100) and ultra-high-priced products (above RMB 10,000) attract relatively limited audiences. Low-priced items are often perceived as ‘devalued’ while purchase decisions for high-priced items tend to be more cautious.

2.2 Consumption Scenarios

Across all three consumer groups, home decoration is the primary interest and most important purchasing motivation for arts and crafts, with a particularly strong demand for ornamental home décor. Gifting to friends and relatives is also a significant purchase reason for all groups, with similar proportions. For functional home décor, the proportions among the three groups are relatively close. In the case of tourist souvenirs, the new generation accounts for the highest proportion, followed by the new middle class, with high-net-worth individuals at a relatively lower level. For business gifting, high-net-worth individuals have a proportion significantly higher than the other two groups. Art investment is present across all groups, with a higher share among high-net-worth individuals. Other consumption scenarios account for a small proportion in all groups.

Table 9 Arts and Crafts Purchase Scenarios by Consumer Group

Purchase Scenario	New Generation (%)	New Middle Class (%)	High-Net-Worth Individuals (%)
Ornamental Home Decoration	74.7	74.2	68.8
Gifting to Friends/Relatives	62.0	62.2	61.0
Functional Home Decoration	50.6	46.5	48.1
Tourist Souvenirs	47.6	40.3	33.8
Business Gifting	34.8	35.0	48.1
Art Investment	14.8	14.4	22.1
Other	0.5	0.8	2.6

Analysis indicates that home decoration is the core purchasing scenario for all three consumer groups. The new generation and the new middle class tend to balance ornamental and functional qualities, whereas high-net-worth individuals place greater emphasis on ornamental value. Tourist souvenirs are a high-frequency consumption scenario for the new generation (47.6%) and the new middle class (40.3%), while the demand for business gifting among high-net-worth individuals (48.1%) is significantly higher than in the other groups. Given these characteristics, there is considerable potential for future development in integrating cultural tourism channels with business gifting.

Regarding key product attributes, all three groups show similar levels of attention to ‘visual appeal` ‘craftsmanship quality` and ‘cultural connotation.` Among these, ‘visual appeal` is the most valued factor across groups, followed by ‘craftsmanship quality.` Although ‘cultural connotation’ receives comparatively less attention overall, it retains certain importance for the new generation and the new middle class, while high-net-worth individuals place relatively lower emphasis on it.

Table 10 Product Attribute Priorities for Arts and Crafts by Consumer Group

Attribute	New Generation (%)	New Middle Class (%)	High-Net-Worth Individuals (%)
Visual Appeal	80.7	79.2	79.2
Craftsmanship Quality	67.9	62.7	66.2
Cultural Connotation	32.3	30.0	19.5

In terms of investment attributes, the proportions for the new middle class and the new generation are relatively close, and both are higher than that of high-net-worth individuals. Products with cultural symbols or intellectual property (IP) have the highest level of attention among high-net-worth individuals, followed by the new middle class, with the new generation showing relatively lower interest. Appearance that aligns with the buyer`s aesthetic preferences and personality is most valued by high-net-worth individuals, though the other two groups also show a certain degree of attention. Products with practical value have a significantly higher proportion among high-net-worth individuals compared with the other groups. Overall, the sense of being high-end or prestigious receives low attention across all three groups, with high-net-worth individuals showing a slightly higher proportion than the others. Convenience of supporting services attracts very little attention from all three groups, and other factors account for only a minimal proportion.

Table 11 Product Feature Requirements for Arts and Crafts by Consumer Group

Feature	New Generation (%)	New Middle Class (%)	High-Net-Worth Individuals (%)
Investment Value	54.2	57.1	46.8
Possessing Cultural Symbols or IP	12.2	16.9	26.0
Appearance Matching Aesthetics and Personality	22.7	20.9	26.0
Practical Value	11.2	12.4	27.3
High-End/Prestige Feel	6.8	4.3	7.8
Convenience of Supporting Services	6.4	0.8	1.3
Other	0.5	0.5	0.5

Analysis indicates that the three consumer groups show a high degree of consistency in their focus on ‘visual appeal’ ‘craftsmanship quality’ and ‘cultural connotation’ collectively viewing aesthetic and cultural value as important. Around 30% of the new generation and new middle class are more price-sensitive, tending to seek quality with a favorable cost-performance ratio. In contrast, high-net-worth individuals are generally less price-sensitive, preferring products with investment potential and cultural symbolism.

There is a clear divergence between practicality and investment-oriented demand: the new generation and new middle class place greater emphasis on practical value, whereas high-net-worth individuals tend to prefer products that combine ornamental appeal with investment potential.

2.3 Consumption Channels and Pain Points

At present, the purchasing channels for arts and crafts show a parallel development of online and offline modes. Survey data indicate that e-commerce platforms are the primary purchasing channel, accounting for 74.0%, followed by offline channels at 70.4%. Short-video and livestreaming platforms account for 37.6%, content platforms for 23.2%, and direct purchases from producers for 11.0%. It is noteworthy that short-video, livestreaming, and content platforms are emerging as important new sales channels for arts and crafts.

The main motivations for online purchases include: the ability to assess whether a product meets expectations through other consumers` reviews, thereby reducing the likelihood of purchasing low-quality or fraudulent products; relatively lower prices; freedom from time and location constraints, saving time and effort; and the ability to browse products from different regions and directly compare differences between brands and products.

Table 12 Motivations for Online Purchases

Motivation	Proportion (%)
Ability to assess quality and reduce fraud risk through other consumers` reviews	70.4
Relatively lower prices	61.0
No time or location constraints, saving time and effort	49.7
Ability to browse products from different regions and compare brands/products	40.1

The main motivations for offline purchases include: the ability to directly handle products and gain a tangible impression, ensuring authenticity and reliability; the ability to take immediate delivery after purchase; the opportunity to meet the creator and learn about the production process; the stimulating effect of the on-site atmosphere on purchase desire; the chance to personally participate in the making of the product; and the availability of specialized services.

Table 13 Motivations for Offline Purchases

Motivation	Proportion (%)
Direct handling of products for tangible impression, ensuring authenticity and reliability	79.3
Immediate delivery after purchase	42.5
Opportunity to meet the creator and learn about the production process	38.1
On-site atmosphere stimulates purchase desire	34.5
Personal participation in product making	17.4
Enjoyment of specialized services	15.7

In terms of consumption pain points, pricing issues are the most prominent, with many consumers believing that there is unreasonable pricing in the market. A considerable proportion of consumers think that product designs are overly standardized and lack distinctiveness, and some point out the phenomenon of commercial operations conducted under the guise of cultural heritage. Other concerns include the lack of well-known brands and insufficient brand promotion, narrow sales channels and limited purchasing options, lack of design appeal, limited variety of product categories, average product quality, and insufficient practicality.

Table 14 Consumption Pain Points

Pain Point	Proportion (%)
Unreasonable pricing	55.0
Overly standardized styles, lacking distinctiveness	47.5

Pain Point	Proportion (%)
Commercialization under the name of cultural heritage	45.9
Lack of well-known brands and insufficient promotion	31.5
Narrow sales channels and limited purchasing options	27.9
Lack of design appeal	27.6
Limited product variety	26.5
Average product quality	25.1
Insufficient practicality	22.7

In terms of expectations and recommendations, consumers generally regard ‘craftsmanship` and ‘innovation/creativity’ as core keywords. They hope to achieve diversification and personalized expression in design while preserving traditional techniques, thereby enhancing the cultural connotation and aesthetic value of products. Specific suggestions include: strengthening the exploration of traditional culture, historical narratives, and ethnic characteristics, and integrating them with contemporary aesthetics, lifestyles, and popular elements through innovative design; placing emphasis on functionality and practicality so that arts and crafts products provide everyday utility while meeting aesthetic demands; establishing reasonable and transparent pricing mechanisms to avoid inflated prices caused by cultural labeling; expanding diversified online and offline display and sales channels to improve market accessibility; and leveraging digital technologies to enable broader dissemination and interactive experiences.

Overall, consumer expectations focus on three main directions:

First, the integration of inheritance and innovation—preserving the essence of traditional craftsmanship while introducing new materials, new techniques, and modern design concepts;

Second, the combination of functionality and aesthetics—meeting practical needs while enhancing artistic appreciation value;

Third, market-oriented and brand-driven operations—improving market competitiveness and social influence of arts and crafts products by optimizing distribution channels, building brand identity, and effectively communicating cultural narratives.

3 Case Analysis

3.1 Gold and Jewelry

3.1.1 Overall Industry Situation

Between 2009 and 2022, there was a persistent and significant gap in per capita jewelry consumption between China and the United States. During this period, China exhibited a continuous upward trend, reaching its highest level in 2021. The United States also maintained growth over the same timeframe, with consumption levels consistently and substantially higher than those of China, likewise peaking in 2021.

Table 15 Comparison of Jewelry Consumption Between China and the United States

Year	China (CNY)	United States (CNY)
2009	179	1069

2010	221	1080
2011	282	1128
2012	334	1158
2013	410	1197
2014	412	1212
2015	439	1242
2016	441	1354
2017	466	1427
2018	497	1436
2019	502	1532
2020	458	1209
2021	541	1543
2022	540	1575

Notes：Zheshang Securities Research Institute, 2022b

Analysis of the Consumption Gap Between China and the United States.On the one hand, the consistently high level of jewelry consumption in the United States is closely related to factors such as its higher per capita income, mature consumption culture, and long-standing habits of purchasing jewelry for weddings, anniversaries, and other significant occasions. On the other hand, the Chinese market remains in a transitional phase, shifting from function-oriented consumption to a model driven by emotional and aesthetic considerations. Influenced by factors including per capita disposable income, evolving consumer attitudes, and the degree of brand development, China`s per capita consumption level remains significantly lower than that of the United States. However, its growth rate in recent years has been notable, reaching a peak in 2021. Looking ahead, as younger generations upgrade their aesthetic preferences and strengthen investment awareness, the Chinese market is expected to maintain considerable growth potential.

According to data from the National Bureau of Statistics, between January and December 2023, among major categories of retail sales of consumer goods, the catering sector recorded the highest growth rate at 20.4%. The gold and jewelry category ranked second with a growth rate of 13.3%, followed by clothing, footwear, and textiles at 12.9%; sports and recreational goods at 11.2%; and tobacco and alcohol at 10.6%.(National Bureau of Statistics of the People's Republic of China, 2025a)

Channel Expansion Trends.Given the high degree of product homogeneity across jewelry brands and the difficulty of achieving rapid differentiation in product strength and brand power, coupled with the relatively high unit price and reliance on in-person experiences, rapid expansion of offline stores has become a core strategy for securing market share.

From 2018 to 2023, the number of stores operated by major domestic gold and jewelry brands generally exhibited an upward trend, with some brands demonstrating particularly strong growth in the past two years. Chow Tai Fook significantly increased its store count during this period, especially between 2021 and 2023. Lao Feng Xiang and Lao Miao + Ya Yi also maintained steady growth, while Chow Tai Sang showed marked expansion in the mid-term phase. China Gold and Mengjin Garden exhibited some fluctuations in certain years. Overall, differences in expansion rates among leading brands have become evident, and scale advantages for top-tier brands have been further consolidated.

Table 16 Changes in Store Counts of Major Domestic Gold and Jewelry Brands, 2018–2023

(Years with Clearly Reported Figures Only)

Brand	2018	2019	2020	2021	2022	2023
Chow Tai Fook				5459	7269	
Lao Feng Xiang	3502	3874		4431	4926	
Chow Tai Sang	3375			4011	4189	
Lao Miao + Ya Yi	2090	2759	3367	3959	4565	
China Gold	2182	2931	3160	3721	3642	
Mengjin Garden	2571				2711	2775

Notes：Zheshang Securities Res. Inst., 2022b

In terms of direct-sale and franchise models, major brands primarily rely on franchised stores, while the number of directly operated stores has remained relatively stable, with minimal variation. The franchise model has become the core driver for brand scale expansion, particularly in recent years, as some brands have significantly increased market coverage through the rapid deployment of franchise networks.

Table 17 Number of Directly Operated and Franchised Stores of Gold Jewelry Brands

(2018–2023)

Brand	Year	Directly Operated Stores	Franchised Stores
Chow Tai Fook	2019	1,505	1,298
	2020	1,490	1,936
	2021	1,438	2,660
	2022	1,447	4,012
	2023	1,708	5,561
Lao Feng Xiang	2018	164	3,338
	2019	166	3,708
	2020	162	4,269
	2021	171	4,755
	2022	180	5,414
Chow Tai Sang	2018	302	3,073
	2019	278	3,733
	2020	249	3,940
	2021	238	4,264
	2022	249	4,367
Lao Miao + Ya Yi	2018	181	1,909
	2019	199	2,560

2020	207	3,160
2021	223	3,736
2022	250	4,315
2023	261	4,733

Direct-sale and franchise models have formed a complementary structure in the gold and jewelry industry. Direct-sale stores help maintain brand image and ensure consistency in service and product quality, while the franchise model enables rapid penetration into lower-tier markets and expansion of geographic coverage.Data indicate that Chow Tai Fook accelerated franchise expansion after 2020, with the growth rate of franchised stores far outpacing that of direct-sale stores, reflecting its intent to strengthen its presence in third- and fourth-tier cities and county-level markets. Lao Feng Xiang and Lao Miao + Ya Yi also maintain strategies centered on franchising, supplemented by direct-sale stores. Chow Tai Sang, by contrast, follows a relatively steady expansion approach.Future competition will depend not only on the number of stores but also on the ability to manage franchise systems, the efficiency of supply chains, and the level of digitalized operations.

3.1.2 Enterprise Level

Chow Tai Fook: Matrix Brand Strategy and Tiered Channel Operations

Chow Tai Fook: Brand Matrix, Channel Segmentation, and Smart Retail

Between 2013 and 2021, Chow Tai Fook`s operating revenue exhibited an overall fluctuating trend, with periods of decline followed by recovery. During this period, same-store sales growth in the Chinese market also showed significant volatility—performing sluggishly in some years, while in recent years experiencing a substantial rebound. This indicates a recovery of sales vitality and strengthened growth momentum.

Table 18 Chow Tai Fook Operating Revenue and Same-Store Sales Growth in China (2013–2021)

Year	Operating Revenue (HKD 100 million)	Same-Store Sales Growth (%)
2013	574	-3.00
2014	774	17.20
2015	643	16.10
2016	566	10.30
2017	512	5.20
2018	592	8.00
2019	667	3.40
2020	568	15.10
2021	702	31.90

Notes：Chow Tai Fook Jewellery Group Limited, 2024

Chow Tai Fook`s core competitiveness lies in three dimensions: a diversified brand matrix, tiered channel strategy, and smart retail operations. The company has built a brand system targeting different consumer segments and covering multiple sub-markets and price ranges. This includes Chow Tai Fook Club, Chow Tai Fook Art, T Mark, Heart on Fire, ENZO, Soinlove, and Monologue. This approach expands market scale while effectively reducing the risk of over-reliance on a single brand.

In terms of channels, directly operated stores dominate in high-tier cities, focusing on enhancing the shopping experience. In lower-tier and emerging markets, the company relies on rapid expansion through franchising, adopting a flexible franchise approach in third-tier and below cities to seize market opportunities while reducing the risks of channel penetration.

From 2013 to 2021, the company`s operating revenue fluctuated within a certain range, reaching a stage high in 2021. Same-store sales growth recorded the highest level in recent years in 2021, significantly outperforming previous years. Meanwhile, the introduction of smart retail has leveraged digital tools to optimize inventory management, increase customer repurchase rates, and raise average transaction value. This forms a ‘triangular structure’ of brand matrix, channel deployment, and digitalized operations, ensuring stable growth and deepened market penetration across different regional markets.

Lao Miao · Ya Yi: Dual Growth Driven by Cultural IP through Channels and Products

Lao Miao · Ya Yi: Integrating Traditional Culture with Craft Innovation

Lao Miao and Ya Yi have achieved rapid growth by balancing the preservation of traditional culture with innovation in craftsmanship, leveraging a dual approach through product development and channel expansion. Their signature product line, Ancient Charm Gold (Guyu Jin), has recorded continuous and significant growth in sales in recent years, demonstrating the strong market appeal of combining traditional craftsmanship with modern design.

On the channel side, the number of fashion-oriented jewelry stores under these brands has increased steadily year by year, achieving substantial net growth in 2023, which further expanded market coverage. By deeply exploring the cultural connotations of Chinese traditions while introducing craft innovations, Lao Miao and Ya Yi have enhanced the fashion appeal and market competitiveness of their products without compromising cultural identity.

Table 19 Sales of Lao Miao · Ya Yi`s ‘Ancient Charm Gold` and Number of Fashion Jewelry Stores

Year	Ancient Charm Gold Sales (RMB 100 million)	Number of Fashion Jewelry Stores
2020	12	3,379
2021	38	3,981
2022	52	4,592
2023	89 (YoY growth: 71%)	5,016 (Net increase: 424 stores)

Notes：Shanghai Yuyuan Tourist Mart (Group) Co., Ltd., 2024

Brand Culture: Lao Miao centers its brand philosophy on the ‘Five Fortunes` (Wu Yun) culture, while Ya Yi emphasizes the ‘Five Loves` (Wu Ai) culture. Both brands integrate cultural connotations with traditional gold craftsmanship, consistently launching product series that create a differentiated competitive advantage.(Lao Miao, n.d.)

By taking ‘Five Fortunes Culture` and ‘Five Loves Culture’ as their brand cores, Lao Miao and Ya Yi combine traditional goldsmithing techniques with contemporary aesthetics, achieving deep integration of cultural symbols and product differentiation through the reinvention of ancient gold craftsmanship and the establishment of serialized product lines.(First Asia Jewelry, n.d.)From 2020 to 2023, their flagship product line Ancient Charm Gold (Guyu Jin) experienced rapid sales growth, with a significant year-on-year increase in 2023, creating a strong single-product breakout effect. On the channel side, the number of fashion jewelry stores steadily increased during the same period, with a notable net addition of stores in 2023, reflecting an aggressive nationwide expansion strategy.This case strongly validates the synergy model of ‘Cultural IP × Craft Iteration × Channel Expansion’—enhancing product added value through reinforced cultural symbolism, stimulating new consumer demand through craftsmanship and product innovation, and leveraging sustained channel expansion to drive steady growth in market share.

3.1.3 Analysis reveals the following key characteristics of the gold and jewelry industry

Per Capita Consumption Level and Market Penetration Potential

From 2009 to 2022, China`s per capita jewelry consumption increased from RMB 179 to RMB 540 (with RMB 541 in 2021 marking a historical peak), representing a compound annual growth rate (CAGR) of approximately 9.5%. During the same period, U.S. per capita consumption rose from RMB 1,069 to RMB 1,575—though the growth rate was relatively moderate, the absolute level has consistently remained above RMB 1,000. This gap indicates that market penetration in China is still in an expansion phase and that Average Transaction Value (ATV) has significant growth potential. With continuous growth in household income, consumption upgrading, and stronger cultural identity, this potential is expected to materialize alongside the deepening of mid- to high-end product development and brand-oriented operations.

Demand Elasticity and Consumption Resilience

Among major retail categories in 2023, catering services experienced the most significant recovery (20.4%), while gold and jewelry grew by 13.3%, outperforming other discretionary and durable goods such as apparel (12.9%), sports and entertainment products (11.2%), and tobacco and alcohol (10.6%). This indicates that while gold and jewelry consumption is sensitive to economic conditions, its rigid demand in scenarios such as weddings, gifting, and value preservation provides strong resilience during recovery phases.

Channel Mechanisms and Scale Effect

Industry surveys and case studies highlight the combined logic of ‘offline experiential necessity + scale effect of store networks.` As a high-ticket, high-sensory-dependence category, jewelry purchasing decisions rely heavily on physical product interaction and immediate trust-building. Since product and brand differentiation cannot be fully established in the short term, ‘scale for presence` (rapid store expansion to boost market reach and conversion) has emerged as an efficient short- to mid-term strategy. Extensive offline store networks not only fulfill the experiential function but also create combined advantages of regional coverage and brand visibility, thereby driving sales growth.

3.2 Porcelain Industry

Case Study: Yongfengyuan—Enhancing Brand Competitiveness through Five Generations of Inheritance and Craft Innovation

Yongfengyuan traces its origins to an official kiln workshop during the late Qing dynasty and has been passed down through five generations. Each generation has introduced innovations while inheriting the craftsmanship of its predecessors, gradually establishing the brand as an industry benchmark for quality.

Process of Craft Heritage and Innovation

First Generation (Liu Hong) – Founder of Zhengbao Porcelain, adhered strictly to traditional official kiln techniques, maintaining the restrained and elegant style of Zhengbao Porcelain, and insisting on rigorous craftsmanship standards, thereby securing a prestigious position recognized across the industry.

Second Generation (Liu Hongliang) – While preserving the traditions of Zhengbao Porcelain, expanded the product range beyond official kiln porcelain to include multifunctional pieces combining practicality with aesthetic appeal, thus aligning products more closely with diverse market demands.

Third Generation (Liu Yongjia) – Integrated the cultural philosophy of ‘the spirit of objects’ into product design, meticulously refining each piece, and achieving aesthetic integration in form, glaze, and decorative motifs, significantly enhancing the expressive potential of the craft.

Fourth Generation (Liu Guangfeng) – Founded Yongfengyuan Company in 1985, initiating brand-oriented operations, expanding into international markets, and building a strong brand image.

Fifth Generation (Liu Quanhui) – Joined Yongfengyuan in 2003 and later became chairman, spearheading design innovation and craft upgrades, earning multiple industry awards and international recognition, and further strengthening brand competitiveness.

Market Expansion and Franchise Management

Yongfengyuan adopts a robust franchise model to enhance nationwide market coverage, implementing standardized management for store location, interior design, product selection, staffing, and pricing. Its store formats include three types:Standard flagship stores – Located in prime business districts, with larger spaces showcasing full product lines and delivering comprehensive customer experiences.Department store counters – Positioned in high-end department stores, medium-sized, catering to premium consumers.Franchise stores – Represent approximately two-thirds of all stores, leveraging franchisee resources for nationwide distribution, with diverse store formats.

In franchise management, the joining fee ranges from RMB 600,000 to 650,000 per store. Store site selection requires approval from regional subsidiaries; interior design and construction are handled by headquarters to maintain brand uniformity. Products are centrally supplied to ensure consistency, while store managers and employees undergo standardized training and evaluation. Nationwide unified retail pricing is enforced, and franchise stores must cooperate with the headquarters` customer information management system for CRM operations.

Margaux is renowned for its high-end banquet porcelain designs and has participated in numerous national-level hospitality and diplomatic events since 2001. It has established a unique cultural design system and product structure for state banquet tableware, with core competitiveness rooted in the seamless integration of meticulous craftsmanship and cultural creativity.

Table 20 Key Milestones of Yongfengyuan

Year	Event	Contribution
2001	APEC Leaders` Meeting	National Banquet Porcelain
2006	Shanghai Cooperation Organization Summit	National Banquet Porcelain
2010	Shanghai World Expo	State Banquet Porcelain
2014	CICA Summit, Shanghai CICA Summit, Beijing APEC Summit	National Banquet Porcelain
2015	Commemoration of the 70th Anniversary of Victory in the War of Resistance and World Anti-Fascist War Leaders` Parade	National Banquet Porcelain
2016	G20 Hangzhou Summit	National Banquet Porcelain
2018	China International Import Expo	Second State Banquet Porcelain Set
2019	China International Import Expo	National Banquet Porcelain

Margolonte has strengthened its distinctive brand identity by consistently participating in the design of banquet porcelain for major international and domestic events, achieving excellence in craftsmanship while deeply integrating cultural creativity into its designs.

Yongfengyuan and Margolonte represent two typical development models for Chinese arts and crafts brands in their paths of heritage and innovation. Yongfengyuan, originating from an official kiln workshop in the late Qing Dynasty, has undergone continuous craft and product innovation across five generations—evolving from traditional ‘zhengbao Porcelain’ to multifunctional pieces that combine practicality and artistry, and eventually transitioning to brand-oriented operations and international expansion. Its competitive advantages center on strict craft management, a standardized franchise system, and nationwide market coverage.

Margolonte, by contrast, positions itself in the high-end banquet porcelain segment, leveraging its extensive experience in serving national receptions and diplomatic events between 2001 and 2019 to establish a unique cultural design system for state banquet tableware. By deeply integrating cultural creativity with exquisite craftsmanship, it has built a highly distinctive brand image.

The success paths of these two companies illustrate that continuous craft inheritance and upgrading, precise market positioning, and brand-oriented operations are critical elements for enhancing the competitiveness of Chinese arts and crafts enterprises.

4. Future Development Trends

4.1 Cross-Sector Integration and Sustainable Development

The continuous advancement of models such as 'Technology+' 'Culture+' and 'Lifestyle+' is deepening the cross-sector integration of the arts and crafts industry. Innovation in arts and crafts is not only reflected in changes to materials and forms but also in leveraging the cultural heritage of arts and crafts to integrate industrial elements and core artistic concepts into content creation, creative design, and scenario-based planning and development. This approach drives both the popularization of the industry and the expansion of the market.

Table 21 Pathways for Cross-Sector Integration in the Arts and Crafts Industry

Cross-Sector Field	Integration Approach and Application
Arts and Crafts + Cultural Tourism	Incorporating intangible cultural heritage techniques and local crafts into tourist attractions and cultural tourism projects, creating experiential consumption and cultural dissemination
Arts and Crafts + Home Living	Combining artistry with functionality to upgrade home aesthetics
Arts and Crafts + Fashion	Integrating traditional craft elements into apparel and accessory design to create distinctive fashion expressions
Arts and Crafts + Cultural & Creative Products	Merging cultural symbols with creative design to launch market-oriented cultural and creative products
Arts and Crafts + Sports	Introducing arts and crafts elements into sports events and souvenir design
Arts and Crafts + Education	Promoting skill inheritance through courses, workshops, and intangible heritage training activities
Arts and Crafts + Music Industry	Applying artistic elements in stage design and musical instrument design
Arts and Crafts + Film & TV	Providing props, costumes, and artistic support for film and television productions
Arts and Crafts + Museums	Combining exhibition planning with cultural and creative derivative product development to expand cultural dissemination channels
Arts and Crafts + Technology	Integrating digital technologies and new materials to promote process innovation and intelligent manufacturing

The integration of arts and crafts with other industries is driving the extension of the industrial chain and the restructuring of the value system, creating multi-dimensional and multi-path development patterns and introducing new business models and consumer experiences. This trend not only expands market space but also enhances the depth and breadth of cultural communication. The following provides a detailed description of various integration pathways:

First, arts and crafts and cultural tourism integration focuses on embedding intangible cultural heritage techniques and regional craft specialties into tourist attractions and cultural tourism projects, creating an experience-driven consumption model. Through live demonstrations, hands-on workshops, immersive performances, and themed environments, visitors can directly experience the beauty of traditional craftsmanship while sightseeing, achieving dual value in cultural transmission and consumer engagement. For instance, attractions may offer pottery wheel sessions, embroidery classes, or lacquer painting workshops, allowing tourists to participate and strengthen cultural identity while increasing consumption stickiness.

Second, arts and crafts and home living combine artistry with functionality. By applying traditional craftsmanship, original design concepts, and premium materials, arts and crafts products evolve from purely decorative items to practical household goods that serve both aesthetic and functional purposes. Techniques such as carving, inlaying, and lacquer finishing are integrated into furniture, lighting, and tableware designs, elevating home aesthetics and enriching daily life with cultural sophistication.

In arts and crafts and fashion, designers incorporate traditional craft elements like embroidery, brocade, and metal inlay into modern clothing, accessories, and footwear, creating a unique visual language and aesthetic expression. By innovating in materials, patterns, and craftsmanship, this approach fosters a dialogue between tradition and modernity, resulting in highly distinctive fashion styles that attract younger consumer groups and push cultural consumption into mainstream trends.

Arts and crafts and cultural creative industries involve leveraging regional cultural symbols, historical narratives, and ethnic elements in combination with creative design concepts to develop products with both artistic and commercial value. Such products meet diverse consumer needs and enhance commercialization potential through serialized development, as seen in derivative product lines inspired by classical poetry or intangible cultural heritage motifs.

In the sports sector, arts and crafts elements are incorporated into the design of trophies, medals, mascots, and commemorative items for sporting events. Combining techniques like engraving, metal inlay, or lacquer art not only highlights the cultural depth of the event but also increases the artistic quality and collectible value of sports merchandise. For example, major international sporting events often feature award designs infused with local cultural patterns, turning them into powerful symbols of event branding and cultural dissemination.

The education field showcases integration through curriculum development, workshops, and intangible heritage training programs that promote the living transmission of traditional skills while reinforcing cultural confidence and aesthetic literacy in young learners. Educational institutions partner with museums and heritage centers to offer experiential craft courses that teach not only skills but also cultural context, strengthening public awareness of the cultural value of arts and crafts.

In the music industry, arts and crafts are applied in stage set design, musical instrument styling, and decorative detailing. Techniques such as wood carving, inlay, and lacquer painting enhance the artistic ambiance and visual impact of performances, enriching the immersive experience for audiences. For example, instruments decorated with traditional lacquer work serve both functional and artistic purposes, becoming visual focal points in performances.

Film and television productions rely heavily on arts and crafts for prop creation, costume design, and set decoration, contributing to the authenticity and cultural depth of visual storytelling. Historical dramas, for instance, use handcrafted items and traditional attire to accurately reproduce period details, offering both visual realism and a medium for cultural heritage dissemination.

In museums, arts and crafts integration occurs through exhibition planning, themed events, and cultural derivative product development. By transforming static collections into interactive experiences, museums expand cultural communication channels. The combination of digital displays and participatory activities allows audiences to engage beyond passive viewing, linking knowledge dissemination with cultural consumption.

Finally, the integration of arts and crafts and technology is driving industry innovation and upgrading. The application of digital design tools, 3D printing, virtual reality, and intelligent manufacturing technologies has enabled breakthroughs in design, production, and interactive experiences. These advances facilitate personalized customization, smart production, and immersive interaction, broadening the expressive forms and application scenarios of traditional crafts while improving production efficiency and market responsiveness.

4.2 Digital Technology Empowering Heritage and Industrial Upgrading

The deep integration of arts and crafts with digital technology supports the continuous optimization and upgrading of both the industrial chain and the value chain, balancing technological innovation with the preservation of traditional craftsmanship. Creative design drives innovation in handmade production, technological integration enhances product intelligence, and innovative marketing strategies advance brand promotion and market expansion.

The introduction of digital technology is accelerating the comprehensive digitalization process of the arts and crafts industry, transforming traditional production, display, and marketing models, thereby granting the industry stronger market competitiveness and cultural communication power under the impetus of technology.

In the field of digital collectibles and digital museums, initiatives such as the Feitian Arts and Crafts and Chinese Zodiac series of digital collectibles apply 3D modeling and virtual display technologies to traditional arts and crafts works, enabling the digital preservation and dissemination of cultural resources. Digital museums offer remote viewing and virtual interaction functions, enhancing public engagement and immersive experiences.

Regarding digital application platform development, the China Arts and Crafts Digital Platform focuses on the concept of 'National Style + Arts and Crafts' integrating functions such as artwork display, online transactions, and interactive communication. This platform provides convenient digital services for both enterprises and consumers, promoting digital transformation and upgrading within the industry.

In the area of digital marketing, technologies such as short videos, big data, and artificial intelligence are widely applied to achieve precision marketing. For example, short video platforms are used to showcase the production process and cultural significance of arts and crafts products, attracting user attention and purchases. Big data analytics helps identify consumer preferences, enabling personalized product recommendations. Artificial intelligence is employed to provide intelligent customer service and virtual shopping assistance, improving purchasing efficiency and enhancing the overall user experience.

4.3 Establishing Industry Standards and Brand-Oriented Operations to Drive High-Quality Development

The arts and crafts industry is currently undergoing directional adjustments and structural upgrades. In recent years, the pace of standardization has accelerated from top-level national planning to local government initiatives, while more enterprises are actively participating in the establishment of standards and market mechanisms, as well as industry-related activities.

On November 7, 2022, the Arts and Crafts Professional Committee of the China National Light Industry

Council was established and held its first membership authorization ceremony in Beijing. At the meeting, the Development Report on Industry Standardization for Arts and Crafts was released. The establishment of this committee aims to promote standardization, branding, and internationalization in the arts and crafts sector, thereby enhancing overall competitiveness and development capacity.

At the local government level, initiatives are equally active. For example, the Fujian Arts and Crafts Association launched the Construction Plan for the Arts and Crafts Industry Standard System in Fujian Province . This plan seeks to establish a comprehensive system of standards covering all stages from design and production to sales and services. Industry associations, chambers of commerce, and other social organizations have also played a proactive role in promoting standardization by formulating regulations on raw materials, craft processes, and product quality, thereby ensuring the healthy development of the industry.

On the branding side, standardization combined with cross-industry resources provides a strong foundation for brand-oriented operations. Leading companies have actively participated in arts and crafts competitions, skills training programs, and related promotional activities to strengthen brand influence and accelerate structural upgrades.

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