

## Study on the Chinese Goods Market Structure and Related Integrated Marketing Strategy

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**Abstract:** This study aims to investigate the Chinese goods market structure and related integrated marketing strategy. In recent years, it is becoming more and more popular for Chinese consumers to go on luxury consuming in a variety of large cities in China, showing the increasing demand of luxury for Chinese people possessed relatively high fortune. Further, dozens of international famous luxury brands are pouring into the Chinese market such as LVMH and Gucci, recognizing the huge consumption demand on luxury goods. Then it is proved by the fact that these famous international brands on luxury have obtained huge profits. On the contrary, different from the outstanding operation of international luxury brands, native luxury brands in China is still in the initiated stage that shows a relatively far distance with them. In this study, the basic connotation and characteristics of luxury consumption are firstly described so as to confirm the final connotation. Then the scale and consumer groups are analyzed additionally and the related reasons for shaping the Chinese luxury market are explored further. Based on these analyses, the detailed and related integrated marketing strategies on Chinese luxury market are eventually put forward respectively.

**Keywords:** Integrated marketing strategy, luxury goods, market structure

### INTRODUCTION

As the word of 'luxury' is derived from the Latin word 'Lux', it could be seen that luxury are something bright, attractive and enjoyable. In the field of economy, the luxury is defined when considering the necessities (Tsai, 2005). When Adam defined necessities, he put other things that do not belong to necessities together regarded as luxury goods. According to the definition of luxury in economy, luxury is defined as this kind of merchandise that the demand of goods will be increased with the growing income and the increase degree of demand is higher than the increase degree of income. It is apparently known that this definition is made based on necessities. Further, different people have different perspectives on the implication of luxury and they are analyzed as follows (Suzy, 2001):

- It is put forward by Nicolaus Sombart that luxury could be defined from the quantity and quality aspects: the former means the amount of waste items while the latter refers to relatively good items. However, it is believed by Lutz that luxury is a kind of luxurious lifestyle wholly or partly and most of them are decided by products or services. Based in the perspective of Lutz, luxury goods have the similar meaning with luxury, for what Lutz defines luxury is a kind of lifestyle.
- Kapferer (2006) provided a different implication of luxury from its social function and symbolic

explanation: what luxury stands for are the beauty and certain arts that could be applied in functional products, signifying that what they provide is not only a pure product but also they are synonymous with high quality. Also, it is analyzed by related statistics that the price flexibility of luxury is higher than necessities. Nowadays, as the globalization and internationalization in the field of economy and culture, luxury is defined from the international perspective due to the similar luxury goods in the world.

- Luxury brand is firstly defined as the brands with a relatively lower functional utility and higher invisible situational utility. In this implication, functional utility means the utility of actual functions that products could provide for consumers while invisible situational utility signifies those invisible factors such as the utilities from culture, society and psychology for consumers. Further, they also defined three kinds of concrete luxury goods:

Visibility is limited. The products of firms are generally handmade and they could be bought only in several stores.

It is well-known such as Rolls-Royce and the brand is unique with high prices.

It is also well-known and its accessories could be consumed by the consumer.

- It is found based on the qualitative research that there are six characteristics in consumers' views: excellent quality, very high price, scarcity and uniqueness, aesthetics and polysensuality, ancestral heritage and personal history and superfluosity.

Based on the definition of luxury analyzed above, the common basic characteristics among a variety of luxury brands are illustrated below:

First of all, luxury mainly meets the psychological demands of consumers with a strong symbol. Although a lot of brands have the function of meeting the psychological demands of consumers, only the luxury brand is mainly to meet the psychological demand of consumers by providing physical products. Actually, consumers will not consider the actual functions of luxury products while they pay more attention to the symbolic value of luxury goods (Michael, 2004).

In addition, it is necessary for luxury brands to be equipped with profound history, traditional or unique technology and materials, supporting the long-term development of luxury brands. Specifically, unparalleled process should contain the design made by top designers, the strict selection of raw materials and exquisite handmade crafts, etc (Oliver, 2004). For example, in Europe, a large number of luxury goods is made by family firms, considering inherit and descent like vodka.

Moreover, the excellent quality should not be ignored in the luxury goods management. Luxury brands should have high level of product design based on their product history and stable high-quality and at the same time the design and quality should be accorded to its positioning. Only in this way will it produce relatively high reputation and reliable images.

However, the too expensive price of luxury goods makes it difficult for many consumers to pay for. As a result, it is seen from it that only a small part of people with relatively high incomes could consume luxury goods and likewise the prices of luxury goods are generally stable in order to maintain the psychological values in consumers' minds. One important value of the luxury goods is that the special and unique experience from the luxury need be obtained by paying for high cost.

Based on all the elements analyzed above, luxury brands could be defined as a kind of brand that the price, quality and design of it are much better than other brands in the similar function. It indicates that the invisible utility brought by luxury brand for consumers is much higher than the functional utility of the product itself for consumers. It is a huge market for the luxury brands all over the world. The market investigation and regulation is hence very important for the sustainable development. However, in the Chinese luxury consumption market such kind of research is scarce.

To address the luxury consumption market in China, this study is to investigate the Chinese luxury

goods market structure and related integrated marketing strategy. The current status of Chinese luxury market structure is introduced and the scale and consumer groups are analyzed. Then the related reasons for shaping the Chinese luxury market are explored further. Based on these analyses, the detailed and related integrated marketing strategies on Chinese luxury market are eventually put forward respectively.

## **THE SCALE OF CHINESE LUXURY MARKET AND CONSUMER GROUPS**

**Current situation of the Chinese luxury market:** At the end of 2005, it is showed from the statistics made by some professional firms that China has been the third largest luxury consumption country in the world and it will be the largest luxury consumption country in the world in 2015. In 2003, more than 45000000 Chinese consumers have the strong ability of luxury consumption. Of course, it is found that the consumers at the age from 20-30 years old are the most important part in Chinese luxury consumption that is eleven times than that in Japan.

Further, it is pointed out by experts that with the rapid increasing of GDP in China in recent years, more and more Chinese consumers would like to consume luxury goods. With the change of exchange rate of RMB, the number of Chinese outbound tourism will continually increased so as to strengthen the purchasing ability in the world.

According to statistics, it is showed that the Chinese luxury consumption has accounted for about 12% of global luxury sales and more than 80% of the Chinese luxury consumption comes from the Chinese outbound tourism with the purpose of purchasing cheap luxury goods overseas. As the increasing number of Chinese tourists in Europe, it will be beneficial for European countries to obtain more profits since most of Chinese tourists are crazy to consume. It is predicted by EIU (Economic Information in United Kingdom) that by 2013, the number of Chinese outbound tourists will increase to 56 million and by 2015, it will reach 100 million consumers. Also, the world trade organization predicted that the number of Chinese tourists overseas would be up to 100 million, but it would be not achieved until 2020.

Furthermore, it is pointed out by experts that a variety of international luxury brands such as Burberry and Gucci as well as LV benefit more from the increasing demand of Chinese tourists overseas on luxury goods in the process of increasing demand of the Chinese mainland market on luxury goods. As the existing relatively high luxury import tariffs in China, Chinese consumers would like to choose cheaper international luxury brands overseas. Although the Chinese economic level have not reached the level of consuming luxury goods in European countries, it is

showed in a series of statistics that the Chinese luxury market has shaped, becoming the second largest luxury consumption country in the world.

**The predicted development of Chinese luxury market:** China plays a vital role in the global luxury market, accounting for more than 12% of the global sales on luxury. It is predicted by it that by the end of 2013, the annual growth rate of luxury sales will be 20% and then it will be decreased to 10% in 2015 when the sales of luxury will exceed 11.5 billion. It is showed in the report that at the end of 2010, the number of Chinese consumers who will be able to consume luxury goods has been up to 0.25 billion that is nearly seventeen times than current number. Of course, it is predicted that by the end of 2015, the average income by year in cities in China will nearly 9422 RMB while the average income in countryside will be 2935 RMB, leading to a huge demand of luxury goods in the global luxury market. According to the explanation of China association of branding strategy, the number of Chinese people who have the ability of purchasing a variety of luxury brands has been up to 0.185, accounting for 13.6% of the total population. It is inferred from the statistics that the potential luxury market in China is very huge with the increasing number of Chinese consumers on luxury goods as well as the rapid development of Chinese economy.

According to the acclaim by China Association of Branding Strategy, the number of Chinese consumers who have the ability of purchasing both international and native luxury brands has been up to 0.17 billion, accounting for 13.5% of the total population in China. Specifically, about 10 to 30 million consumers are the active consumers who would like to consume luxury goods and the products they choose include watches, bags, cosmetics and jewelry. It is predicted by the association that the amount of Chinese consumers who could the ability of consuming luxury goods will reach 0.25 billion in 2013. Besides, there will be a large number of persons that enter the medium and large cities, promoting the development of Chinese luxury market further.

**The consumer groups in the Chinese luxury market:** Different from developed countries that the main consumer groups in the luxury market are middle age people and old people at the age of 40-70 years old, the consumer groups in China are main young people whose ages are below 40 years old. Then the consumer groups in the Chinese luxury market could be classified into three parts as follows:

- **Nouveau riche:** It is commonly known that the incomes of Chinese people are increasing continually with the rapid and stable development

of Chinese economy. So by the end of 2000, the Chinese luxury market has been in the initiated stage and then about 4.70 million families have been equipped with the purchasing ability of \$30000. There will be 300000 people owned the net asset valuating about million dollars and at the same time the incomes of other consumer groups will be relatively increased to some extent. It is clarified from it that in the past ten years in China, there has been a large of people who have obtained huge fortune, including entrepreneurs, executives and so on who are living in large and medium cities as well as countryside.

- **Nouveau chic:** As for nouveau chic, it means the gold collar workers who have received high level of education and hence get a relatively high salary by becoming the high-level managers, knowing much about the international fashion trend due to working in multinational companies. Further, others are engaged in the creative industries such as media, art, music and public relationship etc in which 'taste' is a professional quality. Much different from the nouveau riche on luxury brand knowledge and attitudes, the main reason for nouveau chic to use luxury brands is that they would like to show their personal tastes. For them, luxury signifies fashionable design and superior social status and they have learned the luxury fashion elements of precipitation in a century just in the recent ten years. In addition, in their views, the connotation of luxury has changed a lot from the simple symbol of identity to the embodiment of the personal taste and it is from the blind follow on the trend to reflect the individual character. The nouveau chic will consider whether the brand style is appropriate for their own temperaments and whether the luxury brand is based on a valued brand history while not being attracted simply by the famous brands.
- **Nouveau cool:** When it comes to the nouveau cool, it mainly means the Chinese one-child generation around the age of 20 whose lives are filled with a variety of international luxury brands. It is seen that a large part of the nouveau cool have been use luxury goods, reflecting a market opportunity. In general, the nouveau cool have high quality on their lives when entering the job market. It is easily showed two apparent characteristics of them: one is that the nouveau cool is really cool and the other is that they are typed with individual emotions.

In brief, there are main three kinds of consumer groups described above in China and the three kinds of consumer groups will promote China to become the most potential luxury country in the world. It is concluded that the luxury marketing strategy must aims these consumer groups to build a possibly perfect market both in the scale and the product diversification aspects.

## **THE REASONS FOR SHAPING THE CHINESE LUXURY MARKET**

**Reason one: The institutional factors:** Contemporarily, China has been in the double transformation period, indicating the huge change on the social structure, people's perspectives and institutional environment as well as the consuming behavior and ideas. The most important reason for the increasing luxury consumption in China is the huge change in the social institution regardless of confirming the personal identity or satisfying the unique taste for the social elite. Specifically, there are five aspects on the institutional change as follows:

**The transformation of industrialization pattern and the promotion of the urbanization in China:** One of the content of the dual transition in the Chinese society is to transform from agricultural society to industrial society. With the development of market economy and the transformation of the industrialization mode from the original strategy of heavy industry to commercial and light industry as well as the deepening of urbanization, a series of new industries has shaped, changing the original planned economy based on the system of single industrial structure and further expanding the occupation space of the whole society.

**The cancel of unit system and welfare reform:** Unit is the specific social organization form of the Chinese society based on the planned economy system and some scholars regard the Chinese society as the unit society. Further, the cancel of unit system especially the reform of housing welfare system has derived a new industry 'real estate' and the occurrence and development of the real estate industry contributes to the emergence of the real estate tycoon who are finally becoming the major consumer of luxury goods with strong purchasing powers.

**The ownership system reform and the legalization of private property rights:** Since the early 1980s, the ideology of state ownership has been loose and the relevant system and policy have been adjusted, providing the system space for the development of the non-public sector. Then after 90s, the policy of invigorating large enterprises while relaxing control over small ones on state-owned enterprises carried out by the Chinese government shows the reform direction of the part privatization. It is inferred that the legitimacy of private property rights have been confirmed by institutional arrangements and related policies.

Moreover, the owner ship reform has changed the original social relations and social stratification structure and another kind of social elite regarded as the independent economic elites has been created besides

the traditional political elites and cultural elite, producing the private business owners that are not allowed before the reform and opening up. Actually, the ownership system reform and the legalization of private property rights signify the legalization of freely dominating the private property owned by the private owners, providing institutional space for their luxury consumption. Another outcome of ownership system reform is the separation of operation right and ownership right, leading to the emergence of professional manager groups known as the gold collar elite in the society. Meanwhile, the gold collar elite means CEO, CFO or COO in a variety of large companies whose salary is nearly 300000 RMB or more, showing very strong purchasing desires and abilities and relatively higher requirements to clothing, lifestyle and taste (Markus and Kitayama, 1991). So they are becoming the main consumer group of fashionable luxury goods in China eventually.

**The background of globalization:** With the development of globalization and modern technology, the world industrial chain has been formed and the goods in the world have been realized to flow relatively freely. Also, since China takes part in WTO following the trend of world market liberalism, such luxury goods could be launched around the world, which greatly improves the efficiency of the consumption. In this way consumers could be able to enjoy the newest and top luxury brands and services in the domestic market instead of the foreign countries and at the same time the quality and unique style of these luxury goods could be ensured. In recent years, mainland China luxury consumption is escalating, increasing the attention of people with higher incomes. For example, the hold of Millionaire Fair makes more and more people interested in luxury consumption.

**The improvement of modern financial credit system:** The development of modern bank credit makes 'deficit spending' possible to pay by installment.

**Reason two: Culture factor:** It is known that China is the world's largest developing country that the average national income is behind the level of the world and meanwhile there are tens of millions of people adequate food and clothing. However, China has become the third largest luxury consumption country and will soon be reaching the largest luxury consumption country. So the following reasons for the Chinese consumers to have the motivation of luxury consumption by comparing the behavior of western consumers from the perspective of cultural factors.

- **The motivations of western consumers on luxury consumption:** Typically, the two experts Frank and Johnson (2004) used the related

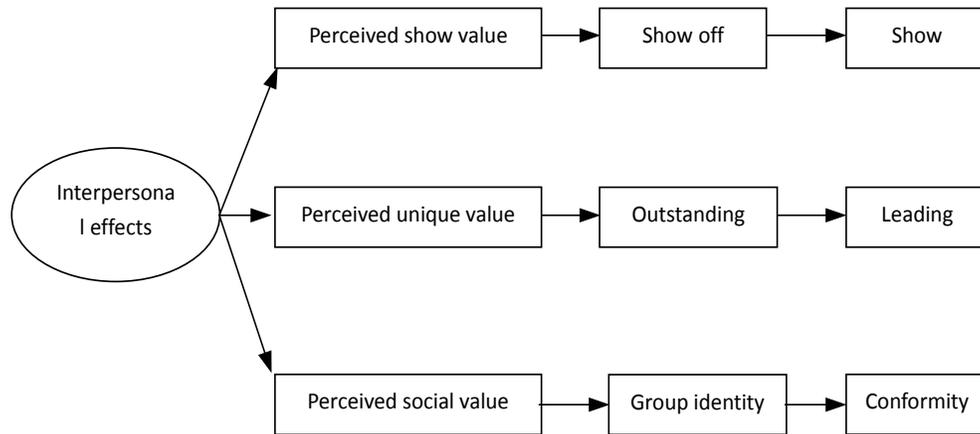


Fig. 1: Interpersonal effects on the motivation of western consumers

concepts ‘self-conscious’ to make a psychographic segmentation of consumers when researching the motivations of western consumers on luxury consumption. Then consumers are classified into two parts: one is public self-conscious and the other is private self-conscious and then the influence of the corresponding reference group also can be divided into two categories: one is interpersonal effects and personal effects. Moreover, the former will have an impact on the three motivations of western consumers on luxury consumption: conspicuous, snob and bandwagon and the latter will have an influence on the two motivations of western consumers on luxury consumption: hedonist and perfectionist (Gerard and Claire, 2003). Related empirical researches made by other experts have also proved the structure of the motivations of western consumers on luxury consumption and it is showed in Fig. 1 and 2.

- **The impacts of folk culture on the Chinese consumer behavior:** Consumption culture is a cultural norm that guide and constrain consumer behavior and it is affected by consumer’s own cultural values. Specifically, China folk cultural values are mainly impacted by interpersonal relationship and social orientation. Oliver (2004) induces the Chinese cultural value dimensions listed in the following aspects:

The accordance of the nature and humanity and the harmony of the universe;

People with their own individualization, inferiority and situational orientation;

**The relationship orientation:** Face, respect for the authority, depend on each other and group orientation;

**The time orientation:** Continuous, past orientation

**Personal activity guide:** The golden man of the Confucian school, keep harmony with others.

Based on the five aspects above, the differences between Chinese luxury consumption motives and western’s are showed in the following aspects.

The concept of independent self is different from the self concept of depending on others in the pursuit of consumer motivation. For one thing, independent consumers emphasize the inner self, so they prefer hedonic value of the product or brand. Also, the pursuit of hedonic value is the motivation of luxury consumption, for the enjoyment value lies in personal enjoyment and experience of products. For another thing, the self concept of depending others highlights the public role of the individual and the individual public perception is the center of the self recognition, recognition of face, more outstanding products symbolic rather than enjoyment, especially the public symbolism of the products.

As for symbolism expressed in Asia luxury goods, it must put social status and modern western materialism and consumerism together. Further, the research on early western luxury goods purchasing mainly focus on the symbol of status and wealth of luxury goods in the society. However, But in modern society, the symbolic significance of luxury goods is more extension, such as personal social value conveyed, gender, age, race, hobbies and other symbols. It is found that the higher the society concerns the different economic status, the more the society pays attention to the distinction of luxury consumption.

Subordinated to the collective for individuals in east Asian countries is regarded as a very broad and important cultural values, for it profoundly affects the people’s thought and behavior as well as the social organization operation. Generally, luxury consumption is a kind of behavior that must be expressed for the collective’s specifications. It is seen that ‘face’ is said to be an important characteristics of consumer behavior

in the background of the Chinese culture and the individual must show their success and show off in order to gain 'face'. It is proved that the perspective of 'face' brings strong pressure for the public with the purpose of conforming to group norms and expectations by maintaining their behavior. One important feature of luxury consumption in the background of the Chinese folk culture is visibility. If the group that individual is belonged to holds the views that if possessing valuable goods or showing off their wealth is reasonable and acceptable to the society, its members must show off through consuming the luxury goods. The important distinction between eastern and western countries on showing off the luxury consumption depends on whether the symbolic meaning expresses the inner preference and taste of the consumers. In the western culture, what the luxury shows off is the consumer's inner taste while what the consumers in East Asia purchase the luxury is to satisfy the expectation of others or the demands of the group that pay more attention to 'external self'.

The general approach to obtain the luxury goods based on the Chinese folk culture is to purchase the gift that plays an important role in the collective culture in

China. As an important link that builds and maintains the social relationship, gift is the carrier of 'face' and 'human relationship', regarding as a kind of resource to express the respect and esteem of others. In this way the luxury goods is regarded as the proper gift. From the perspective of symbolic meaning of the luxury, the expensive and significant gift has a potential respect to the receiver.

In short, based on the analysis above, it is seen that there are four elements existed in the motivation of the Chinese consumers on the luxury goods just clarified by Frank and Johnson (2009): conspicuous, bandwagon, hedonist and perfectionist.

At the same time, the motivation of the Chinese consumer on luxury goods is also specific: the snob and inner show do nearly exist, but one new and significant motivation on the luxury consumption is confirmed: the identity symbol. It could be seen the impacts of the Chinese folk culture on the luxury consumption motivations: the unique Chinese culture leads to the independent self and the self idea of depending on others, sharply affecting the luxury consumption motivations.

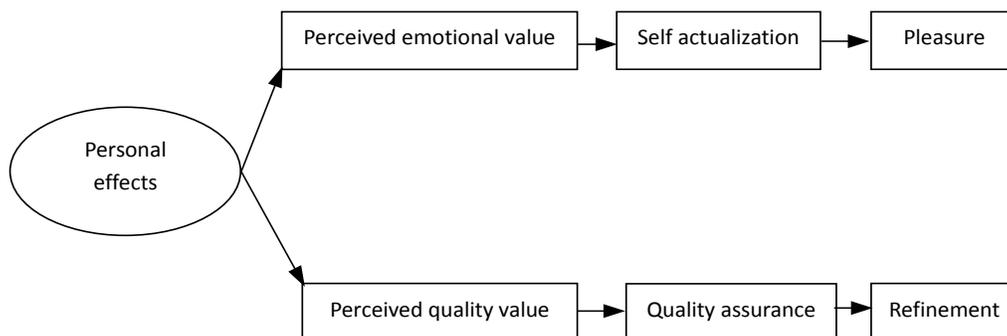


Fig. 2: Personal effects on the motivation of western consumers

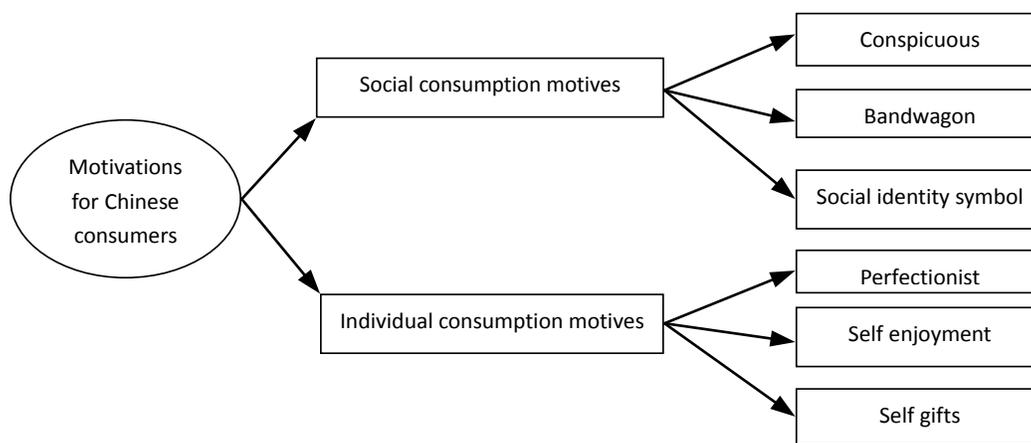


Fig. 3: The motivations of Chinese consumers on luxury consumption

- **The motivations of Chinese consumers on luxury consumption:** In Short, the motivations of Chinese consumers on luxury consumption are listed as follows showed in the Fig. 3:

Different from the individual consumption value of western consumers, Chinese consumers pay more attention to conspicuous value of the luxury.

Different from the western consumers who focus on the personal meaning of the luxury goods, Chinese consumers concentrate on the public meaning of the luxury goods more.

Chinese consumers emphasize the symbol of products or brands so as to show the social status.

Different from the snob caught by western consumers on the luxury, Chinese consumers have more bandwagon motivations to avoid the consuming risk and to meet the public taste when choosing and consuming the luxury goods.

A large part of the luxury consumption for Chinese consumers is realized to build the social relationship by sending gifts.

Further, affected by the consumplism and enjoyment in the recent years, there is also individual motivation of the luxury consumption: self enjoyment, perfectionist and self gifts.

#### **RELATED INTEGRATED MARKETING STRATEGY OF THE LUXURY MARKET**

As a special classification of consumption, the marketing strategy for the luxury consumption could not be achieved the perfect effects simply by adjusting the factors of products, prices, channels and promotions and then the integrated marketing theory could be applied to structure the luxury marketing strategy system based on consumer behavior theory. More importantly, the luxury goods could meet the conspicuous psychology besides a series of basic practical functions. As for this kind of consumers called 'Nouveau Reche', they would like to look around the supermarkets of the luxury goods and purchase the newest and the most fashionable products while not considering the prices, pursuing individual services (Bernard, 2003). Different from the former above, the two kinds of consumers called 'Nouveau Chic' and 'Nouveau Cool' who are typically employed in foreign companies, most of them will spend the whole salary to buy a commodity. The age of these consumer groups is between 20-40 years old, which is much younger than the western luxury consumers. Further, they are very busy in working and have not adequate time to choose and consume in the process of purchasing the luxury goods, at the same time they would like to go on consuming according to their own preferences so as to show their own personalities and unique tastes.

From the perspective of consumer' psychology, the luxury consumption is mainly embodied in the two aspects: symbolic consumption and experience consumption. Specifically, symbolic consumption

means the symbol of identity, status and the symbolic value of the role. The vital task of the luxury goods marketing strategy is to look for the marketing style that adapts to the consumers' psychological characteristics. The concept of integrated marketing is put forward by the American marketing expert Lauteborn in the 1990s, believing that all the activities of enterprises are based on the marketing strategy and communication is the core of the enterprises. Moreover, enterprises should firstly understand and study the consumers and in this way they provide products that could meet the demand of consumers. The ideal situation of product pricing should be below the consumer's psychological price but also meet the profit objective of the enterprises, providing the largest shopping and convenient use for consumers. Though positive and effective two-way communication with consumers, the new type of enterprises-consumer relationship will be established based on common interests while not a one-way promotion and persuasion any more.

#### **Product strategy:**

- **To fully embody the demand of consumers in product quality and innovation:** From the point of product quality, the luxury goods is designed to satisfy people who pursue the high quality and comfortable life while whether the strong function or not is no longer the main basis for them to judge its value. Moreover, meticulous is the fundamental difference between the luxury goods and mass products. Compared to traditional products, the luxury goods is more perfect and delicate, providing a new and different feeling. When it comes to the conception, the luxury goods has better design and technology as well as craft in details than traditional products, adopting more advanced technology and craft and leading to the renewal of design and development (Aron and Hmily, 2002).

On the other hand, when it concerns the product innovation, the mass products attach great importance to the functional innovation of products and hence pay much attention to the market research and technical breakthrough while the luxury goods emphasizes the individuality and emotions and therefore, concentrates on the individual's creativity and the perfect and innovation of the details. The innovation emphasized by the marking is implied on the basis of full market research, creating the new function that can meet the demand of consumers. In addition to the above characteristics, the details in the innovation of the luxury goods are explored so as to make a product or service more advanced, fashionable and perfect with unique personalities, typing the individual style of the designers and then satisfying the pursuit of people who would like the high quality and comfortable life.

- **To focus on brands:** According to the analysis of consumer psychology, consumers will be doubtful about the previous behaviors when luxury goods information conveys to consumers through the marketing activities, leading to the beginning of a new consumption. But the unreasonable extension of the product line will directly lead to the next round of consumer's doubt, further changing the consumer's behavior once again. In the process of the luxury consumption, besides to focus on the quality of the luxury goods, consumers will focus on whether the goods are match to their social status and lifestyles.

**Price strategy:** In the process of the luxury marketing, high prices are not necessarily related to high sales revenues and profits, but it could reflect the high-end positioning of the enterprise on account for the good image and reputation with high prices. In contrast, if the same high value products are provided in a relatively price, consumers will not fully feel the actual value of the luxury goods (Bernard and Gilles, 2006). It signifies that people will despise a product when the product has not suitable higher price. Due to the unique of the luxury goods that could bring people a new enjoyment; the pricing can be infinite in the theory.

As a result, as a special commodity, the price of luxury goods could not apply the rule of the general merchandise and most of sellers should consider the impact of consumer's psychology on the price. Because the product properties of luxury goods represent the social status to some extent, some consumers may even judge the product by its price, showing the psychology of 'not the best, but beg the most expensive'. Therefore, in the view of the marketing, the reduction space of the price is relatively large and it is very normal to make a discount on the luxury goods.

**Channel strategy:** The channel of the luxury sales is very important, because it will affect the adjustment of consumers on the brand image. In general, the sales channels of the luxury are established by opening stores or top shopping malls and it is not doubt that the first location in China of the international first-line brands was some five-star hotels such as Beijing Wangfu hotel, Guangzhou China hotel and Portman hotel in Shanghai, guaranteeing the correctness of the market environment due to the relatively high consumption. For one thing, in the aspect of the quality of the luxury channels, the luxury goods should provide consumers with high quality services and products within the scope of the world that could be realized by cultivating the employees. Of course, the luxury channel construction should focus on the display, exquisite atmosphere as well as unique, attracting more attentions of people who will have largest satisfactions. For another thing, the luxury channel construction also should be made based on the consumption behavior and consumption habits of

target consumers; otherwise it will be difficult to receive the effects.

**Brand promotion:** It is an unusual route for the luxury brand promotion, for it is a kind of expression from the market, advertising as well as public relations and a kind of mental possession, edification and drunk. There are four main methods for the luxury brand promotion:

- Tell stories on the luxury brands
- Make advertisements on the luxury brands
- Maintain the public relations
- Scene marketing

With the coming of the era of luxury consumption in China, luxury brands should implement effective marketing activities aimed at the consumption behavior and habits of target consumers, since the success of the marketing activity planning and implementation will be the key to the success of the luxury sales in China.

## CONCLUSION

In conclusion, based on the analysis on of the Chinese luxury market structure and related integrated marketing strategy above, it is inferred that the Chinese luxury market is mainly built based on the foreign brand culture, lacking the national luxury brands and the national brands are just in alcohol, tobacco and tea industries that show the profound cultural deposition and market infrastructure in China. So it is expected that the research in this study could play a guiding role in the development of China's national luxury brands eventually.

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