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Changes in International Marketing Strategies of Companies Operating in the Global Luxury Industry due to the Financial and Economic Crisis

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Abstract

The goal of our contribution is the international marketing strategy of luxury goods manufacturers worldwide due to the financial and economic crisis. The current crisis hit many countries of the world, European continent as well. It contributed to the more prominent role of BRIC countries in the global economy, particularly because of their growing economic power. These factors resulted to the increase in affluent customers for luxury industry in these countries. The sector quickly and successfully responded to this situation. Our paper aims to identify the essential elements of the successful international marketing strategy in the global luxury industry, with reference to the most important elements of the marketing mix.

Key words

Marketing mix, brand strategy, luxury industry, financial and economic crisis, international marketing strategies

JEL Classification: M31, M39

Introduction

The financial and economic crisis has significantly affected all sectors of the world economy and it influenced the national economies of all countries. Globalisation brought on one hand the liberalization of trade, deregulation of business and on the other hand, the increased interdependence of economies and increased risks. In 2009, China is becoming the most important export economy even despite the fact that almost the whole world at that time had to fight with the fallout from the financial and economic crisis. With the active trade balance, China has seen significant economic growth compared with the deficit, debt stricken economies. The world's most important producers of branded luxury goods responded to this fact and began to focus its international marketing policy towards the major emerging economies such as China, Russia, Brazil and India. With the increasing purchasing power of the population of those states, increases the number of wealthy citizens who represent a huge potential for growth in trade with luxury branded goods. Luxury for them means not only fellowship to a so-called upper class of society, thus achieving a higher social status, but also expression of their lifestyle. The aim of this paper is to point out modifications to the international marketing strategies of major world producers of luxury goods brands in fashion apparel, accessories, jewellery and watches, as well as their response to

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changes in the macro and micro conditions in international markets, arising due to the socio-economic crisis.

1 International marketing strategy and international marketing mix

Company's marketing strategy is a reflection of the business strategy and objectives into its business activities. According to D. Lesáková marketing strategy describes methods to achieve marketing goals (Lesáková, 2007). In contrast to domestic marketing, international marketing is more complex and must take into account several factors associated with an increased risk of international environment. P. Kotler and K. L. Keller define the major decisions in international marketing as a decision on whether to enter the market, forms and methods of market entry, decisions regarding the marketing program and marketing organization (Kotler & Keller, 2007). Majority of companies go through the process of internationalization through different phases and activities of irregular export, selling directly or through agents, through the establishment of sales offices to the eventual establishment of companies abroad. Costs of market entry are high. Companies face the decision whether and how to adapt their product or service to new market conditions as well as choosing the method of communication abroad. Multinational corporations often tend to apply the method of standardization, with the expected benefits of product policy and product brand. The essence of perception is a global business strategy orientation in terms of the similarities of countries and to achieve economies of scale (Zorkóciová, 2010). According to P. Kotler and K. L. Keller entry strategy can be implemented in two ways and that is in a way of waterfall when the company enters into foreign markets gradually and in a way of sprayer, when the company enters into a number of markets within a short period of time (Kotler & Keller, 2007). Business in international markets is associated with prolongation of the life cycle of the product as well as with the search for new resources and markets. Taking into consideration the attractiveness of the market, K. Backhaus, J. Bueschken and M. Voeth divided countries into four groups - key markets, potential markets, occasional markets and abstinent market (Anderie, 2010). L.R. Anderie provides two approaches of international strategic management – market-oriented method and the method established on the resources. While market-oriented approach takes into account the business strategy and market environment, the method based on the resources is based on the unique resources and capabilities of firms (Anderie, 2010). The most famous representative of the first routing strategy is Michael E. Porter. The second method is based on the relevant skills, such as competitive advantages that are difficult to immitate, substitute and in the value chain they bring greater utility to the client. The main motive for expansion into international markets is profit, whereas the key factors of profit are presented as: achieving a unique competitive advantage or obtaining exclusive information, economies of scale, tax benefits and the location of production sites with the effective costs of production and distribution (Zorkóciová, 2010). Prerequisite for the competitiveness of the company is its need to respond to all the changes in the economy, major customers changes as well as the ability to anticipate developments. Demand for products and services are governed by their usefulness to the consumer. The role of products and services provider is to ensure their quality through specific marketing mix as well as the long-term competitiveness. The role of the company is to develop specific instruments to influence the target group in terms of business and marketing objectives (Busch, Fuchs & Unger, 2008). Classic marketing mix is made of 4 P: Price (Price), Product (product or service), Promotion (Communication) and Place (distribution). In the services sector to these 4 P, P. Kotler and K. L. Keller added another P's for Personnel (Human Resources), Processes (processes) and Physical Evidence (physical presence) (Kotler & Keller, 2007). Marketing mix is all business activities, which may influence the demand for products or services. Product policy is related to decisions in the compilation of the product program and product offer. It is closely linked with the quality policy, service or brand. The brand policy marks a significant role in the marketing of products and services. The quality of the product is based on customer requirements, while at the time it should not change or lets say worsen. According to R. Busch, W. Fuchs and F. Unger international product policy addresses the question of whether the product meets the requirements of foreign customers, or it needs to be changed or given additional services (Busch, Fuchs & Unger, 2008). Part of the pricing policy is a policy of discounts, payment as well as credit terms. According to S. Haller current price is influenced by factors such as usefulness of products, cost of total production, competition (Busch, Fuchs & Unger, 2008). In the services sector and also in the price of branded products it is also an indicator of product quality. The distribution policy is to provide a product or service and ensures the availability of mediation of offer to clients. International distribution policy is in international markets significantly differentiated, whether it is by the choice of channels of distribution, acquisition or actual physical distribution. P. Ghauri and P. Cateora listed six factors (6C's of channel strategy) that determine the choice of international sales channel (Busch, Fuchs & Unger, 2008):

- "Character" (sales channel must correspond to the product line, related consulting and services)
- "Capital" (includes the necessary funds to build a sales channel)
- "Cost" (includes the cost of maintaining the sales channel-salaries, commission, customer acquisition, etc.).
- "Coverage" (for "coverage" intensive distribution requires a high degree of centralization, all products are easily reachable, selective distribution by contrast, focuses more on the overall quality)
- "Control" (plays an important role especially in those markets where is demand of unity of the institution)
- "Continuity" (is linked to the continuing ability to provide uninterrupted and continuous service)

Communication policy includes area of external communication towards clients (customers, institutions, local community) and area of internal communications (towards employees - the company's internal environment). Management of international communication strategy is related to its high complexity and interconnectedness with other elements of the international marketing mix as well as the element of interactivity to its internal and external environment. It depends on the global business strategy of the company (standardized or differentiated communication strategy) and business organizations (the degree of centralization – decentralization). When considering the possibility of the transmission of the communication concept to international markets, it is necessary to consider object of communication policy as well as the environment of the consumers. Conditional factors of transmission of the communication concept are eg. culture and its essential elements (language, values, religion ...), market potential, behavior of competition, legislation, age, income, lifestyle of the population, price sensitivity of the clientele, etc. Personnel and procedural policy and the policy of physical presence are typical parts of the marketing mix especially for services. Company operating in the international context will attempt to maintain consistency between national affiliates and ensure the implementation of strategies and policies based on the parent company. Facilities policy affects readiness of the place to offer a service or product, service personnel, as well as material support funds. Facilities policy can be divided into capacity management (permanent disposition of human and material resources for the provision of service) and transfer of the image (external manifestation of a quality of service). Process policy addresses the appropriate composition of business processes taking into consideration the process of quality and quality of service. W. Pfoertsch and M. Schmidt consider the policy of branding the service as very important. Existing client therefore contributes to the increased importance of the brand, affecting brand perception by other clients (Busch, Fuchs & Unger, 2008). The client sees a strong brand as a basis of confidence and reduction of the risk of purchasing. The brand is attributed the function of trust, guidance and information function, identity function, the function to minimize the risk and prestige. On the other hand the firm expects from the brand performance of the function in the communication area – image building, promotion of the marketing mix. The brand contributes to the permanent differentiation in the market both in terms of competition as well as for the prevention of product interchangeability. One of the challenges is to ensure continuous quality of the brand position that is strongly influenced by consumer demands individuality, as well as all the activities of the company, contributing to customer satisfaction with the purchase or acquisition of specificaly branded products.

2 Financial and economic crisis and its impact on the international marketing strategies of companies operating in global luxury industry

World recession significantly affected the relations of national economies and their industries, forcing companies to look for optimal and diversified portfolio of assets to ensure adequate profitability, competitiveness, efficiency and flexibility of its activities. E. Giacosa and A. Mazzoleni recognize that the current crisis has not got the character of rarely occurring phases in the life cycle of the company. According to the authors, these crises are common events being a result of damaged corporate "vitality", where the company's life cycle is characterized by alternating phases of success and failure (Giacosa & Mazzoleni, 2011). Fast and frequently changing market conditions have required full and timely information, which is essential for reducing the risk of running a business abroad. In recent decades, the riskiness on international scales was exacerbated particularly in relation to economic, political and technological developments. Diversification of markets brings reduction of business risk for their business activities in different markets, which may be at a different level of cyclical developments. Their international activities may extend the product life cycle or reduce the risk of seasonality and also allow better planning and utilization of financial flows. The goal of international business is to succeed in international environment. This represents steps towards maximizing revenue while minimizing costs. The financial and economic crisis and its consequences significantly undersigned to many unpopular measures that worsened the international business environment settings and by changes in their international marketing strategies to which companies had to adapt in order to remain on the market. During the two years (2009, 2010) of socio-economic crisis, the world's most important companies operating in the so-called luxury market become also vulnerable. For the first time its global sales fell by 10% to € 153 milliard at the end of 2009, representing the worst result in the crisis period (Chabert, 2011). The impacts of the crisis immediately intervened not only with the corporate environment (macro and micro environment) and reflected the changes in their international marketing strategies, specifically changes in the various elements of marketing mix, but also interfered with the consumers themselves, which is reflected in modifications of consumer behavior. To buy luxury goods at the time when neighbour lost his job was regarded as immoral – insensitive. An interesting finding is that companies currently operating in the luxury industry are recovering from the crisis relatively quickly. The year 2010 was already better in their management, resulting in the increase in sales during the first six months of this year, in selected world producers of luxury goods as follows: 17% in the company LVMH, by 21% in the company Burberry and by 23% in the company Hermès (Chabert, 2011). A breakthrough milestone in this period, for the French luxury industry is considered in October 2010, when Bernard Arnalult, owner of LVMH bought 17.1% shares of Hermes. It was an investment of 1.45 billion euros (Chabert, 2011). French companies operating in the luxury sector are for foreign trade a major player in France, their share of the global luxury industry is around 40%. Table 1 shows the turnover and net profit achieved by producing the world's famous brands of luxury goods in 2010 (for Chanel these data were not available). The only loss reported was by Bulgari. Although the crisis has significantly affected almost all sectors of the global economy, no other sector in this period was so attractive to investors than luxury goods industry. It benefited primarily from higher growth of boutiques as well as from the development of high-income clients in emerging economies, unaffected by the crisis as yet.

Table 1 The world famous producers of luxury goods brands by volume of turnover and net profit in 2010

Company	Country of origin	Brands	Turnover milliard eur	Profit million eur
LVMH	**France**	Louis Vuitton, Moet, Henessy, Dior...	17,1	1 755
Richemont	**Switzerland**	Cartier, Lancel, Montblanc, Chloé,....	5,2	609
Gucci Group	**France**	Gucci, YSL, Boucheron, Alexander McQueen,....	3,4	692
Chanel	**France**	Chanel	2,2	-
Hermés	**France**	Hermes, Shang Xia....	1,9	288
Tiffany & Co.	**USA**	Tiffany	1,9	198
Armani	**Italy**	G. Armani, Armani, Collezioni, Casa....	1,6	218
Prada	**Italy**	Prada, Church's, Jil Sander,....	1,5	100
Burberry Group	**UK**	Burberry,....	1,4	95
Bulgari	**Italy**	Bulgari	0,9	-47

Source: Chabert, P. (2011). L'argent fou de l'industrie de luxe. *Capital, 232* (01/2011), 44-46.

Publicity and chosen way of communication was behind the success of the companies that invested into their most precious capital – building a positive corporate image. They approached many influential personalities in the show – business who have signed contracts with them, focusing on different forms of communication of their luxury brands. This marketing strategy has brought a high return on investment. Budgets for marketing communications of famous perfumes alone rose between 2009 and 2010 by 16%. Communication channels were mainly television, selected magazines and of course the internet. To involve a major global "celebrity" in marketing communication campaigne, it increases sales of communicated luxury product by about 15%. On one hand it increases the company's expenses, but it greatly contributes to the visibility of the brand and building of a positive image (Wattez, 2011). "The hunt for celebrity" is of course reflected in the price level of the products. Table 2 shows the cost of the world's luxury sector that companies paid for their international marketing brand communication, with the number of advertising messages published in the world press and the approximate cost incurred to make the advertising message. As can be seen from the table, the leading company is Armani with the number of 7274 published communication messages, at the same time with significantly lower costs incurred to publish one message than the rest of its competitors.

Table 2 Annual costs paid by luxury industry companies for their international marketing communication of their brand, represented by the world famous "celebrity", with the number of advertising messages published in the world press and the cost per advertising message

Company	Number of advertising messages in world press	Price per advertising message in Euro
Armani	7 274	550
Lancome	4 799	938
L oréal	3 521	994
YSL	3 467	260
Helena Rubinstein	2 248	778
Dolce & Gabbana	2 201	1 590
Dior	1 456	1 717
Dolce & Gabbana	1 230	650
Thierry Mugler	1 045	1 914
Dior	983	2 543
Givenchy	929	356
Balenciaga	748	1470
Chanel	698	3 581
Lancome	527	1 518
Chanel	203	4 926

Source: Wattez, E. (2011). Les grandes marques font flamber leur budget de communication. *Capital, 232* (01/2011), 48-50.

In response to the high demands of the world "celebrities" to communicate luxury brand Luis Vuitton Company has found an alternative solution. They involved in their marketing communications campaign outstanding personalities of the world outside the show business, people who in certain area and the history of their time were or became prominent representatives of their field like Mikhail Gorbachev, Keith Richards, Pele, Maradona, Zidane (Wattez, 2011). Another large volume of investment of companies in worldwide luxury industry was shown by the most expensive purchases of land to build new luxury business premises (Chabert, 2011). Leaders in luxury market can afford to build imaginative "superdisplay cabinets" that provide them with exceptional visibility. In the competitive struggle this way they displace smaller brands from the market that can not afford such huge investments for their retention in the market. Communications budget in the world of luxury business rose to a record high already in the second year of the crisis. Amongst the most important customers, who buy luxury brand products are Americans. Established in the most expensive and most important arteries of the planet shops with luxury goods are in huge space, with no apparent need of the viability of a square meter. They are designed to let customers dream (event marketing) – offer luxury brand selling products with added value. In 2009 standalone – specialized stores focused on selling luxury branded products sold over 27% of all luxury goods. 73% were sold in multi-branded network. In the luxury industry rent for selling spaces represents around 20% of the total trade turnover, which is double in comparison with the cost of so-called trade with mass merchandise (Beghin, 2011). The effects of globalization have not gone around the luxury industry either, mainly due to the ever-growing global demand for luxury branded goods that crisis did not hit so painfully, as well as important internationally active companies operating in the sector, capitalising on economies of scale and sale of luxury branded goods. Many producers of luxury branded goods benefit from the fact that in their production it is expected of them to use high-quality materials, meticulous detailed finishing and specific product quality. The effort to implement the greatest economies of scale lead producers of products of luxury brands to relocation of their manufacturing operations. Many have partially withdrawn from the Mediterranean area and progressed more towards Asia. Large French and also Italian producers of luxury brands boast in perfection of their own goods and the know-how of their processing, their unparalleled quality, which make them different to any other competing products. Despite the relocation of many manufacturing centers of luxury products, their quality is excellent, but sometimes the cost of production for one such product decreases fivetimes (Torgemen, 2011). The third largest Vuitton brand manufacturing site was launched in Spain. Other producers of luxury branded goods opened its production sites in India, Romania and Turkey. The producers of luxury branded goods are very anxiously trying to conceal their relocation productions. They agree that the potential savings gained from this effective production are invested in creative projects to further improve the quality and design of products, as well as the previously mentioned added value for its customers related to the sale of the product. Relocation of their production to less developed countries they admit only a part of it to the operations irrelevant and unrelated to their perceptions of quality and branded products. In this context it should be noted that the industry of luxury goods is one of few sectors where production relocation is not accompanied by a decrease in product prices.

Production of luxury products today may not even move out of the local market, the cost is saved by using cheap labour in place (Beghin, 2011). As mentioned earlier, the market of emerging countries, with an increase in solvent clientele, longing for social status or represented by wearing or owning luxury branded products, significantly contributed to mitigating the impact of the crisis in the luxury and continuously contributes to its further development. Returns of the market leaders of luxury products market are exceptional. Their newly opened stores, in this territory, are able to earn for themselves in an average of three years. Stores of luxury goods opened in Russia, even earlier in a single year (Chabert, 2011). Russia, Brazil and India are the true global markets for luxury brands, with many wealthy clients. The most important market is however China. Luxury is an essential image of China for the past ten years. A quarter of the most important brands of the world's luxury industry opened 533 outlets here in the early 2011 (Wattez, 2011). During recent years, the number of millionairs (in dollars) in China more than doubled. According to estimates by Boston Consulting Group in 2008 was 1.6 million of wealthy people in China, in 2015 it should be 4 million. The local market of luxury is here, in size, the fourth largest market in the world with a turnover of € 13.6 milliard (in 2010) and an increase of 20-30% per annum (Wattez, 2011). Table 3 shows the emerging economies, in order according to the volume of expenditure on consumption of luxury products for 2010, as well as by-year change in this indicator for the period 2010/2009.

Table 3 Emerging economies, according to achieved volume of purchasing of luxury products in 2010 and the annual growth rate of spending on luxury products 2010/2009

Country	Market in 2010 in milliard eur	Increase 2010/2009
China	13,6	20-30%
Russia	4,5	5-10%
Brasil	1,5	15-20%
India	0,8	4-5%

Source: Torgemen, E. (2011). La conquête de L'eldorado chinois mobilise d'énormes moyens. *Capital, 232* (01/2011), 51-52.

Table 4 shows the most significant number of sales offices, opened by representatives of global luxury brands in China. Sale of luxury goods in China is accompanied by certain specifics. For example it is very masculine. A typical representative of this group is professionally well-situated male, aged between 25-35 years, who has the greatest joy from a gift of a luxury brand of men's watches. Chinese senior managers own on an average of 4.4 pieces (Beghin, 2011).

Table 4 Opened sales outlets of worldwide luxury brands in China, ranked fom the highest number in 2010

Brand of luxury products	Number of opened sales points
Dunhill	93
Burberry Group	50
Gucci Group	37
L. Vuitton	34
Cartier	33
Hermes	20
Versace	19
Dior	19
Prada	15
Chanel	6

Source: Torgemen, E. (2011). La conquête de L'eldorado chinois mobilise d'énormes moyens. *Capital, 232* (01/2011), 51-52.

The luxury brand is a symbol of success for the Chinese, therefore, even on their foreign trips, they purchase luxury brands with pleasure. Tourists in recent years contribute to 40% of the volume of purchases of products of luxury brands in the world. The Chinese, who, thanks to relaxed visa policy travel around the world more and more, they also have leadership in this cathegory. For example, in 2011 luxury brands sold products (lingerie, clothing, jewelry, cosmetics, watches) in a volume of 192 billion euros, where the Chinese achieved part of this global sales of 25% share, compared to Europeans with 24% market share, with 20% of Americans and Japanese 14% share. The location of the shops – point of sale in China is relatively inexpensive. It costs around 100 000 Euros per year (compared to 1 million Euros cost of rent for commercial space on the Place Vendome in Paris). Rent is designed to consist of the price, which is fixed for two years, the next three years the price is determined by the market conditions. Certain obsession of the Chinese with shopping or owning branded products is also reflected in the work of stylists, producers of branded luxury products who begin to adapt their design to local tastes. Hermes company made a further step in this direction by creating a brand "Shang Xia" to be the first Chinese brand dominant in that sector. Although it is developed in China, it is for the whole world (Torgemen, 2011).

Conclusion

As mentioned above, the major decisions in international marketing are decisions about whether to enter the market, what forms and methods of entry to use, decisions regarding the marketing program and organization of marketing, as evidenced by the examples given by us of the entry of companies in the luxury business sector in particular in Emerging Market countries BRIC. Multinational corporations often tend to apply the method of standardization, with the expected benefits of product policy and brand policy. The survey of international marketing strategies of companies operating in the luxury sector, attests to the fact that companies are trying to adapt, not only the product itself, but also other elements of the marketing mix, local customs and requirements of the customer. Global Strategy of luxury brand companies is based on similar characteristics of its own consumers: high-income groups, trying to get or strengthen their social status. China in this area gets more and more to the forefront, which until recently was dominated by wealthy American and Japanese clients. With regard to the entry strategies: there is the waterfall method, when the company enters into foreign markets gradually and the way of sprayer, at a time when the company entered into several foreign markets in a short period of time, in our case it is more a question of the second route: using the form of sprays when companies operating in the luxury industry on time recognized worldwide redistribution of income during the economic crisis and focused their attention on the surplus, emerging economies. Given the attractiveness of the market, according to which we distinguish four groups of countries: the key markets, potential markets, occasional markets and abstinent markets, emerging market economies undoubtedly belong to the group of key markets and not just because of rising incomes of the population and creating more and more of the rich but also for their further development potential, which although the manufacturers of luxury branded goods are reluctant to admit, there are cost savings in the form of using cheap labour or rented premises. If we evaluate approaches to international strategic management: market-oriented method and the method of establishing the sources, where market-oriented approach is reflected in the marketing strategy of the company before the business environment and markets and method based on the resources, which is based on the unique resources and capabilities of the company. In the case of luxury business sector is used a combined strategy of international strategic management, as new markets are great for brands in new growth opportunities and competitive advantage at the same time. The main motive of expansion into international markets is profit and to the key factors of profit is assigned: achieving a unique competitive advantage or obtaining exclusive information, economies of scale, tax benefits and the location of production sites with the effective costs of production and distribution. This is partly confirmed by the analysis mentioned by us, in which resonates the use of cost savings of production of luxury branded products, employing cheap labour, whether in traditional production areas but also delocalisation of production to countries with cheap labour and other lower-costs for example: lower rent for production facilities, retail space and so on. In general, the demand for products and services are governed by their usefulness to the consumer. Due to the limitations of consumer purchasing power (incomes, assets), the consumer is in his purchasing policy governing the acquisition of a product-service, which will give him the best possible results. It only applies partially to the consumers of luxury branded products since they are highly affluent consumers who's purchase or owning of branded luxury products means more gain and sustaining of social status, sector benefits of the subject do not always play such an important role, the attempt to have a luxury branded product and thus declare the membership of a social class wins over. Translation of the objectives of international marketing strategy of a company into action is carried out by using the international marketing mix tools, in the industry of luxury branded products, in addition to traditional 4P's of the marketing mix is used their extended group of the elements belonging to the services marketing mix (7P's). This stems from the fact that a group of consumers of luxury branded products are distinguished in the aforesaid specifics and they are extremely demanding on location of the outlets (a luxury neighbourhood places where they are shopping) equipment and design execution of sales space, professional staff, etc., all of those factors which complete the overall impression and contribute to a positive shopping experience. The successful application of international product policy also contributes to the acceptance of differences characterizing the foreign customer-adapting the product to his requirements. The approach also suggests that producers of branded luxury products who expanded to the markets of emerging economies with their internationally recognized luxury brand standardized products, but now, in an effort to strengthen their position in these, for these key markets with huge growth potential, increasingly adapted to the local conditions and consumer demands, example is the development of their own Chinese brand Shang Xia, which expanded into other major world markets of luxury goods. Even for marketing pricing policy applies the rule, that the current price is influenced by factors such as: the usefulness to the customer, cost of production, the price level of competition ... Again, the given postulates are not enough for guiding the pricing of branded luxury products, where the price clearly represents a high level of quality and any reduction would evoke in customers its reduction. When considering the possibility of the transmission of the communication concept to other countries, it is necessary to consider the subject of the communication policy and the consumer environment. Conditional factors of transmission of communication concept are for example market potential, competitive behaviour, values, legislation, age, income, lifestyle of population, receptivity to price and so on. International marketing communication concept of luxury brands products industry is relatively uniform, with the acceptance of local cultural differences in individual national markets. Companies that are based on a very strong base of brand building, as it is certainly in luxury products industry, orientate their communication marketing strategy clearly on the principles of continuous improvement or even possible enhancement of their reputation as needed for their business success. In case of luxury products they are goods with certain specific characteristics, which are characterized by specific features, both for the consumer and for the company itself. Brand means a symbol, name of the product, something that makes the product different from the other. Something that is unique and special. As already pointed out, the brand can greatly affect consumer behaviour. Owning a luxury brand product is nowadays a matter of prestige; brand also has an impact on attitudes and behaviour of people. Producers of luxury branded products guarantee that their quality is continuously maintained, which simultaneously ensures the customer that although at a high price, but always they get a good quality product. Shops, which sell luxury branded products are usually located on the streets of the most expensive areas where is for them the right consumer clientele, which is very demanding also in terms of the actual architectural design point of sale as well as highly knowledgeable sales staff behaviour and automatically expect that with the purchase of luxury branded products will go extraordinary, enjoyable experience. Brands are also subject to life cycle, so in an effort to constantly be original, the companies' active in the luxury industry must invest considerable funds to maintain its market position. We have already mentioned that due to the retention or gain of social status, many people are willing to spend on buying a luxury branded product and considerable part of their income. It is most strikingly reflected in times of crisis or recession in the emerging countries with rapidly increasing number of wealthy people – millionaires, lusting after receiving a similar status that enjoy well situated citizens of the western world. There are brand products, which customers trust and are loyal to, they include major luxury brand products, these brands reduce risk for their customers while increasing customer loyalty towards them. In addition, the brand represents a lifestyle of those who used it; the building is closely linked with the concept of building a so-called lovemarks-i.e. something more than just a brand. Something that ensures consumer loyalty to the product, after which the consumer desires, so that he is willing to spend his last money, lovemarks are inspired by loyalty exceeding the limits of reasonable grounds. Therefore, the strategic objective of the brand is now a connection with the brand experience into something extraordinary and also broadcast messages to audiences through the media (i.e. counselling of "famous celebrities" on Facebook in the context of branded luxury products). The branding affects overall international marketing strategy of companies, making the overall concept of the brand, including a design expression, particularly the impact of micro and macro business environment, which should result in its effective international marketing communication. Successful brand management always evaluates the brand development and controls its successful position on the international markets. The successful management of building products of luxury brands can also talk the new strategy of internationalisation, successful entry into the markets of emerging economies (China, Russia, India, Brazil...) despite the continuing influence of socio-economic crisis. Brand is more than the product itself. The fact that the brand includes environment, marketing communication, but also the attitudes and behaviour of consumers, also shows the implementation of international marketing strategies and thus the application of the international marketing mix of producers of luxury branded products -maintaining their consistent quality (despite the fact that production is gradually relocated to emerging economies) keeping their high price levels (high price here should present and presents high quality), building high standard outlets and expanding their international networks (e.g. luxury neighbourhoods, but also closer to the customer-urban centres in developing economies, among which China leads), high costs, spending on the creation of concepts of international marketing communication (engagement of well-known producers to shoot commercials, internationally renowned celebrities as products faces of different brands, buying media space in posh-known magazines ...). To build a successful brand requires a good understanding of the needs and desires of the target audience – customers, the above companies understand that and they focused on target markets and tried to reach potential customers, offering not only standard brands, but also the creation of a new brand, which is adapted to the values and conditions of foreign market, while the concept is focused on building its global influence. Every marketing decision has an impact on the brand. Elements of design, graphic design, colour range and language, all participate and complete the brand. Difference between brand perceptions in the past and present is that in the past, were brands a symbol of permanence a guarantee of the product. Customers therefore got standard quality and required quantity of the product. Finally, as it is clear from the above analysis, we can conclude that the market for luxury products industry, behaves in a modified way in comparison to standard consumer goods market. This affects largely the character and directional nature of the consumer group, highly affluent population groups, who are willing even in difficult times of economic crisis, spend significant resources for branded luxury products, that provide gaining and retention of so called high level of social status. To favourable conditions for the expansion of firms producing luxury brand products to the international markets in times of crisis contributed also atypical developments in the markets of developing countries. In these countries, high solvent clientele is rapidly growing, longing after obtaining the status of belonging to the highest social level in their own country and they are willing to do everything through the ownership of luxury branded products. The world famous luxury brand producers were aware of this situation and they skilfully used it by their timely and properly conceived international marketing strategy to ensure a high level of turnover and profits of their business activities.

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