DRAFT SYLLABUS

(Note: all speakers that are listed are tentative)

B70.2126 – LUXURY MARKETING

Spring 2006, March 28 to May 2
Tuesday 6:00 to 9:00 pm, 2nd half

Greg Furman, Founder & Chairman, The Luxury Marketing Council

Phone:
Email:

COURSE BACKGROUND

The course is designed to help students develop a deeper and more nuanced understanding of the multi-billion dollar market for luxury goods and services. The course is taught by Greg Furman, founder and chairman the Luxury Marketing Council. Joining Professor Furman will be Milton Pedraza, Founder & CEO, The Luxury Institute, Jane Cavalier, Founder & CEO, Brightmark Consulting as well as key executives from some of the leading luxury goods marketers.

The course will develop a framework for understanding the essential ingredients of effective marketing of luxury brands and services. The course will help students understand the demands and challenges faced by those seeking to become marketers in this sector of the economy.

Each session features well-known industry leaders as guest speakers. The first session provides an overview of luxury marketing and provides a framework for the rest of the course. The second session focuses on understanding the customer- demographics, key segments, CRM, and best practices. The third session looks at how luxury brands can be effectively leveraged. Session four examines the marketing of luxury services while session five looks a luxury retailers. The final session examine how to effectively reach the luxury consumer through various media.

COURSE OBJECTIVES
• To identify and understand the basic elements of effective luxury marketing.
• To analyze and understand the characteristics of different segments of the luxury market.
• To develop the tools and skills necessary to develop marketing strategies for luxury goods and services.

COURSE REQUIREMENTS
Grades will be determined on the following basis:

Class participation 15%
Two 1-to-2 page papers 30%
One 5-to10 page paper on the strategy of a luxury firm 55%

Total 100%

INSTRUCTOR POLICIES

Attendance/Lateness:
• Students are expected to attend each class and actively participate in discussion. Absences/tardiness will lower your class participation grade. Class will start promptly at 6:00 pm. Please don’t be late; late students disrupt the learning environment for those who arrive on time.
• Late assignments will not be accepted.

Cheating/Plagiarism:
• The Stern School of Business Honor Code governs conduct in the course.

Class Participation:
• It is essential that everyone contribute to class discussion.
• Class participation will be graded on the quality of the interaction and will be measured against these criteria:
  o Statement of practical relevant experience;
  o Demonstrated understanding of “real world” business environment;
  o Preparedness of the comments;
  o New insights;
  o Building on statements of others.
Written Assignments and Term Paper:

REQUIRED READING : TBD
GUIDELINES FOR WRITTEN ASSIGNMENTS AND TERM PAPER

First paper assignment
Attend one meeting of the Luxury Marketing Council and critique the session.

- What was good about it?
- Where did it fall short?
- What did you learn and how can you apply this to marketing strategy?

Second Paper Assignment
Identify a person (past or present) you feel is a leader in the luxury industry

- Why is this person a leader?
- What is this individual’s major contribution to luxury marketing?
- What is, or what will be, this person’s legacy?

Strategy Assignment
Select a luxury goods/services firm

- Identify and critique the firm’s marketing strategy.
  - Who are the main competitors? How does your firm’s strategy differ from its competitors? Is the same?
  - Do a SWOT analysis of the current situation

- Indicate what you would recommend to the firm’s CEO to improve their overall marketing.

Note: Be sure to look at all elements of the marketing mix and examine customers and competitors.

General Instructions for written assignments

1. All papers should be typed and double-spaced. The first two papers should be one to two pages.
2. The term paper should also be typed and double-spaced, five to ten pages.
3. Please take time to organize your work so that it is clear and concise.
SESSION / DATE

1a March 28

COURSE INTRODUCTION AND OVERVIEW OF LUXURY MARKETING

Overview of the global market for luxury good. Best practices of leading luxury marketers. Framework for viewing luxury goods and services marketing.

The speakers will examine the state of the luxury global luxury market today. They will cover the best practices of best luxury marketers/brands in reaching the most desirable customers (the 2.7 million in the U.S. with liquid portfolios of $1 million or more).

Greg Furman will be joined by the two other module leaders:

- Milton Pedraza, Founder & CEO, The Luxury Institute
- Jane Cavalier, Founder & CEO, Brightmark Consulting

1b March 28

Discussion Questions

1. **Why has the luxury market grown so rapidly?**

2. **What do luxury marketers have to do to ensure continued growth?**

3. **What challenges do US luxury marketers as they expand outside the US?**

4. **What challenges do 'foreign' - Italian, French, German - luxury companies face as they expand in the U.S.?**

5. **What is the impact of 'aspirational/symbolic' buyers on the purchase of luxury products and services?**

6. **How define "luxury"? How is that definition changing in the minds of the 'best customers'?**

2a April 4

UNDERSTANDING THE LUXURY CONSUMER

The best customer - what's known - customer relationship management - niche markets

- Milton Pedrazza Founder & CEO, The Luxury Institute (MODULE LEADER)
Discussion questions
1. Are the best customers for one luxury product necessarily the best customer for another?
2. What is the decision process that consumers go through in making luxury purchases?
3. What are the key influences on the decision making purchase process for luxury goods and services?
4. How is the 'best customer' changing?
5. How are luxury marketers investing in marketing differently?
6. What are the smartest luxury marketers doing to gain greater share of 'best customers' spend and loyalty?
7. How is 'research' changing and what are the smartest marketers doing to better understand their best customers?
8. What has been the impact of the web on traditional marketing research?
9. What are some niche markets and why are they important to luxury marketers?

2b April 4
GUEST SPEAKERS

- Alan Rambam, Head of Fleishman Hillard's Youth Practice
- Neil Benedict, Founder & CEO, Affluent Dynamics

3a April 11
LEVERAGING THE RETAIL LUXURY BRAND

- Jane Cavalier, Founder & CEO, Brightmark Consulting (MODULE LEADER)

Discussions Questions
1. Is there a danger of diluting a luxury brand by extending it too far?
2. Think of some brands that have effectively extended their brands
3. Think of some brands that have over extended their brand.
4. Is it easier to leverage product brands or service brands?
5. Why is brand important?
6. What is the "value" of a brand?
7. Does brand perception alter/influence consumer behavior and how?
8. What kinds of innovative things are brands doing to 'get on the radar' of their best customers?
9. What about 'new' or 'start-up' luxury brands? Do they have a chance against world class players?
10. What are they doing to become known among the most sophisticated buyers?
3b  April 11  GUEST SPEAKERS

- Michael Crotty, Senior Vice President Marketing, Bergdorf Goodman
- Oliver Stipp, Executive Vice President Marketing, Cartier

4a  April 18  MARKETING LUXURY SERVICES
Discussion Questions
1. How do luxury services differ from luxury products?
2. Are the challenges greater for firms trying to globalize luxury services than for those who are globalizing luxury products?
3. How is a luxury service like a luxury product?
4. How are luxury service providers defining and measuring success?
5. What are some innovative things luxury service providers doing from a marketing point of view?
6. What are some of the challenges in providing world class customer service?

4b  April 18  GUEST SPEAKERS

- Paul McMannus, President, Leading Hotels of the World
- Dean Andrews, President, Orient Hotels North America
- Michael Calman, EVP Marketing, Citation Jets
- Nathan Devore, President, Rich Worldwide Travel

5a  April 25  LUXURY RETAILING

- Jane Cavalier, Founder & CEO, Brightmark Consulting (MODULE LEADER)

Discussion Questions
1. Retailers are confined to specific location. How can they expand their presence?
2. What role does the Internet in luxury retailing?
3. How is luxury marketers' investment in the marketing mix (pr, advertising, data...
base marketing, web and e-marketing, corporate identity, direct sales, special events etc.) changing? And why?

4. What has been the impact of the web and e-marketing?

5. How important are loyalty programs and why?

6. How important is customer segmentation and what are the best luxury marketers doing to better know and track their best customers' buying behaviors?

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5b April 25

GUEST SPEAKERS

- Michael Crotty, EVP Marketing, Bergdorf Goodman
- Tyler Jones, SVP Marketing, La Mer (Estee Lauder)

6a May 2

REACHING THE LUXURY CONSUMER

- Greg Furman, Founder & Chairman, The Luxury Marketing Council - (MODULE LEADER)

Discussion Questions

1. What is the role of mass media versus personal contact in selling luxury goods and services?

2. How would you define 'alternative media’?

3. How are luxury marketers using 'alternative media' today?

4. How is traditional advertising changing in the luxury arena?

5. How are luxury marketers 'personalizing' their selling and marketing?

6. Define 'one to one' marketing and why it's important to luxury brands.

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6b May 2

- Mary Olson, President, Transition Networks (web strategy & design)
- Tag, Tagliano, President, TAG Advertising (advertising and integrated marketing)
- Claire Behar, SVP & Partner, Fleishman Hillard's Luxury Practice
WRITTEN ASSIGNMENTS, INCLUDING TERM PAPER

During the semester each student must submit two short response papers, plus a longer term paper due on the date of the last class. The first two written assignments should be no more than 1-to-2 pages in length, double-spaced, and must be submitted at the beginning of the class when they are due. The term paper should be 5-to-10 pages in length, double-spaced:

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<tr>
<th>WRITTEN ASSIGNMENTS</th>
<th>DUE DATES</th>
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<td>Paper No. 1 (Attend and critique Council meeting)</td>
<td>No later than April 25</td>
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<tr>
<td>Paper No. 2 (Leader in Luxury)</td>
<td>April 18</td>
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<tr>
<td>Term Paper</td>
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