SYLLABUS

B70.2126.30 – LUXURY MARKETING

Spring 2011

Kaufman Management Center, 44 West 4th Street, 3rd Floor, Room 3-70

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Founder & Chairman
The Luxury Marketing Council
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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 of The Luxury Marketing Council. Joining Professor Furman will be Bob Shullman (President of Ipsos Mendelsohn), Ira Neimark (Former CEO of Bergdorf Goodman and author of Crossing Fifth Avenue to Bergdorf Goodman), and Dennis Pinto (President of Micato Safaris) as well as key executives from some of the leading luxury goods brands.

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.

Each session features well-known industry leaders as guest speakers. The first session provides an overview of luxury marketing and offers 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 at luxury retailers. The final session examines 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:

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<tr>
<td>Class attendance and participation</td>
<td>20%</td>
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<tr>
<td>Customer Service Evaluation</td>
<td>30%</td>
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<tr>
<td>Luxury Category Analysis</td>
<td>50%</td>
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<td>Total</td>
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INSTRUCTOR POLICIES

Attendance/Lateness:
- Students are expected to attend each class and active participation in discussion is of paramount importance. Absences/tardiness will lower your class attendance and participation grade. Class will start promptly at 6:00 pm. Please do not 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:
  - Statement of practical relevant experience
  - Demonstrated understanding of “real world” business environment
  - Preparedness of the comments
  - New insights
  - Building on statements of others
GUIDELINES FOR WRITTEN ASSIGNMENTS

SUBMISSION: All assignments must be submitted NO LATER THAN NOON ON THE DAY OF EACH RESPECTIVE DUE DATE and must be submitted via e-mail to Greg Furman (gfurman@luxurycouncil.com) with carbon copy to Kat Palmieri (Katherine.palmieri@stern.nyu.edu).

This is a SIX week class, as the class is condensed and comprised of two written assignments please manage your time wisely – especially with a view on the final assignment.

First Paper Assignment - Customer Service Evaluation

DUE DATE TBC

- At the start of the first class you will be assigned 5 luxury companies. You will evaluate their customer service online, on the phone, and in store.
- You will be given evaluation forms in your first class to help you complete this assignment. You can work on this assignment individually or in pairs.
- You will call each company posing as a customer with a customer service issue and again posing as an assistant trying to reach the head of marketing. If working as part of a team you should place two sets of calls.
- Evaluate the level of telephone protocol and customer service to the best of your ability.
- Of the five companies assigned, make two site visits to their stores and evaluate the customer service you receive in store.
- Compose a 4-6 page summary of your findings (online, telephone, and in store) including what recommendations you would make to the brands. You must include your evaluation forms with your final submission; these are not counted in the total page length.

Strategy Assignment – Luxury Category Analysis

DUE DATE TBC

- You will be assigned a luxury category; assignments will be made at beginning of first class. Categories Include: Apparel, Automotive, Beauty, Hospitality, Jewelry, Spirits, and Travel.
- Students can work as a team consisting of 4-5 students per team.
- Within your category select 5 brand leaders.
- Prepare a SWOT analysis for each brand.
- Analyze these leaders by discipline: Visual Merchandising, website, e-commerce (if applicable), social media, customer service, PR, special events, advertising.
- Prepare a final report on your category ranking your five leaders in order of effectiveness in each discipline with detailed explanations as to your ranking decisions.
Overview of the global market for luxury goods and of best practices of leading luxury marketers giving a 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 3.2 million customers in the U.S. or the 9 million customers worldwide with liquid portfolios of $1 million or more).

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 face as they expand outside the US?
4. What challenges do 'foreign' - Italian, French, German - luxury companies face as they expand in the US?
5. What is the impact of 'aspirational/symbolic' buyers on the purchase of luxury products and services?
6. How do you define ‘luxury’? How is that definition changing in the minds of the 'best customers'?

The Best Customer - what's known - customer relationship management - niche markets

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  TBC  GUEST SPEAKERS

TBC

3a  TBC  LEVERAGING THE RETAIL LUXURY BRAND

Discussions Questions:
1. Why is brand important?
2. What is the "value" of a brand?
3. Does brand perception alter/influence consumer behavior and how?
4. Is there a danger of diluting a luxury brand by extending it too far?
5. Think of some brands that have effectively extended their brands
6. Think of some brands that have over extended their brand.
7. Is it easier to leverage product brands or service brands?
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  TBC  GUEST SPEAKERS

TBC
4a TBC  MARKETING LUXURY SERVICES

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

4b TBC  GUEST SPEAKERS

TBC

5a TBC  LUXURY RETAILING

Discussion Questions
1. Retailers are confined to specific location. How can they expand their presence?
2. What role does the Internet play in luxury retailing?
3. How are luxury marketers' investments 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?

5b TBC  GUEST SPEAKERS

TBC

6a TBC  REACHING THE LUXURY CONSUMER

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.

6b May 5

TBC
SUMMARY OF DUE DATES:

WRITTEN ASSIGNMENTS

All papers should be typed and double spaced, your work should be clear and concise.

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REQUIRED READING:

- Crossing Fifth Avenue to Bergdorf Goodman: An Insider's Account on The Rise Of Luxury Retail by Ira Neimark (Dec 3, 2006)

RECOMMENDED/SUGGESTED READING

Tony Alessandra, Collaborative Selling, John Wiley & Sons

Alain de Botton, Status Anxiety, Pantheon Books

David Brooks, Bobos in Paradise, Simon & Schuster


Malcolm Gladwell, Blink, The Tipping Point, and Outliers


Jay Conrad Levinson, Guerrilla Selling, Houghton Mifflin


Frederich F. Reicheld, The Loyalty Effect: The Hidden Force Behind Growth, Profits and Lasting Value

Michael J. Silverstein, Trading Up: The New American Luxury, Penguin Group

Thomas J. Stanley, Marketing to the Affluent; Selling to the Affluent; Networking with the Affluent and Their Advisors; The Millionaire Next Door; The Millionaire Mind