

2015

MKTG 377-01A Luxury Marketing

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**MKTG 377
LUXURY MARKETING
XAVIER UNIVERSITY
Spring 2015
Su 1/11 2-4; Sa 12:45-4:15
Smith Hall 249**

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Williams College of Business Mission Statement: We educate students of business, enabling them to improve organizations and society, consistent with the Jesuit tradition.

COURSE OVERVIEW

This class is going to be a mix of discussion, practical exercises, cases, and guest speakers. Each session will be built around a theme, and we will explore this issue in depth. This class is going to be intense, and will require your active participation. Because of this intensity, it will be very easy to become irretrievably lost in this course; the only way to prevent this is to keep focused and to treat this class seriously. If there is a particular theme that you would like me to cover, please let me know and we will see if this can be done.

TEXTS

There are several books that we will be using in class. Please buy them on Amazon--they are cheaper and easier to get that way. Make sure you put in your orders right away! Not having the book is not an excuse. Often, we will not read the whole book, so make sure to review the slides to see what you may need to read for the next week. I know this might seem like a lot of reading, but these books are all very readable, they are fun and interesting, and are "quick reads". As you read these books, I highly advise you to use tabs and to mark the books up a bit--this will help you when we discuss the books in class, and will give you the opportunity to discuss points that you found interesting or perplexing.

Class: A Guide Through the American Status System, Paul Fussell. ISBN-13: 978-0671792251

Stigma: Notes on the Management of Spoiled Identity, Erving Goffman. ISBN-10: 0-671-62244-7.

Trading Up: The New American Luxury. Michael J. Silverstein, Neil Fiske. ISBN-10: 1-59184-013-1.

Richistan: A Journey Through the American Wealth Boom and the Lives of the New Rich. Robert Frank. ISBN-13: 978-0-307-34145-7.

Selling Luxury: Connect with Affluent Customers, Create Unique Experiences Through Impeccable Service and Close the Sale. Robin Lent, Genvieve Tour, and Alain-Dominique Perrin, ISBN-13: 978-0470457993

The Call of the Mall. Paco Underhill. ISBN-13: 978-0743235921

We will also be reviewing some business cases and articles. I will bring those to class for you.

All PowerPoints will be posted on Canvas. Please be sure to bring the correct PowerPoints to class, according to the syllabus. Because we are still trying to nail down the guest speakers, the topics we cover through lecture are not yet set in stone. I will let you know in advance what topics we will cover, but there will be no additional readings associated with the lecture material.

CLASS COMMUNICATION

I will use the announcements function in canvas for most communications in this class. Please make sure that you are checking canvas regularly.

OFFICE HOURS

T-R 8-11, Other hours by appointment, I am also willing to meet via Skype if necessary.

Other hours can be arranged by appointment. Please tell me in class if and when you plan on stopping by during my office hours. The best way to assure you don't wait outside my office while I'm talking to other students is to make an appointment during office hours.

COURSE OBJECTIVES

1. To introduce the concept of luxury marketing to students who have not formally studied the area previously.
2. To integrate ethical discussions into class discussion to challenge the student to consider the ethical dilemmas and ethical alternatives involved in performing marketing in a competitive marketplace.
3. To integrate into class discussions issues that are relevant to the mission of the Williams College of Business (WCB). The mission of the WCB is: We educate students of business, enabling them to improve organizations and society, consistent with the Jesuit tradition.

Characteristics of the Ignatian¹ vision are:

- “See life and the whole universe as a gift calling forth wonder and gratefulness.”

¹Taken from “Do You Speak Ignatian,” by George Traub, S.J., Ph.D., Xavier University

- “Gives ample scope imagination and emotion as well as intellect.”
- “Seeks to find the divine in all things --- in all peoples and cultures, in all areas of study and learning, in every human response...”
- “Cultivates critical awareness of personal and social evil, but points to God’s love as more powerful than any evil.”

LEARNING GOALS – WILLIAMS COLLEGE OF BUSINESS: UNDERGRADUATE PROGRAM

- **Critical Thinking**

Learning Goal: WCB graduates will be able to think logically, reason quantitatively, and utilize appropriate analytical techniques and technology when evaluating and making decisions.

Corresponding Objectives:

- (1) WCB students will collect, evaluate and synthesize information to offer solutions and support decision making.
- (2) WCB students will evaluate and articulate implications of business decisions and their impact on organizational stakeholders, both individually and in teams.

- **Ethics and Social Responsibility**

Learning Goal: WCB graduates will be able to recognize ethical issues, discern moral implications of decision making, and be prepared, and willing, to serve as responsible and professional members of society.

Corresponding Objectives:

- (1) WCB students will recognize ethical issues and their implications on personal and business decisions.
- (2) WCB students will demonstrate the skills necessary to analyze information and make informed, ethical decisions in complex, conflicting or ambiguous environments or situations.

- **Effective Written and Oral Communication**

Learning Goal: WCB graduates will be able to organize, support and communicate ideas clearly and effectively, employ multiple mediums of communication (e.g., written, oral and visual), and adapt communication to audience, context or purpose.

Corresponding Objectives:

- (1) WCB students will produce business documents and reports demonstrating their ability to organize and communicate ideas clearly and professionally.
- (2) WCB students will make effective presentations, accompanied by the appropriate technology, demonstrating their ability to organize and communicate ideas clearly and professionally, both individually and in teams.

- **Global Perspective and Cultural Diversity**

Learning Goal: WCB graduates will appreciate the historical and cultural contexts of the world in which they live, demonstrate the competencies required for engaging in global business activities, and respect and value diverse peoples and perspectives.

Corresponding Objectives:

- (1) WCB students will identify and contrast key attributes of countries’ business environments.

- (2) WCB students will evaluate and integrate global economic, political, technological, environmental and societal issues into their decision making.
- (3) WCB students will integrate the concepts of respect, inclusiveness and valuing all persons into their decision making.
- **Understanding and Application of Knowledge Across Business Disciplines**
Learning Goal: WCB graduates will be able to evaluate business from an integrative and holistic point of view, leverage the synergies between functional business areas, and demonstrate college-level mastery of their chosen discipline.
Corresponding Objectives:
 - (1) WCB students will demonstrate the appropriate knowledge of accounting, economics, finance, management, management information systems, marketing, quantitative business analytics, international issues, and the legal and social environment of business.
 - (2) WCB students will evaluate business problems from an integrative point of view, including diverse business functions, competition and external environment (social, political, economic, and environmental.)
 - (3) WCB students will demonstrate college-level mastery of the body of knowledge and skills relative to their major. (To be determined at the departmental level.)
- **Personal and Professional Development**
Learning Goal: WCB graduates will be well-prepared for their future careers and appreciate the importance of continuous professional development and life-long learning.
Corresponding Objective:
 - WCB students will articulate career goals, prepare a professional resume, demonstrate behavior-based interviewing techniques and develop a professional network.

GRADING CRITERIA

<u>Item</u>	<u>Percent</u>
Pop Quizzes (up to 3)	15
In-class exercises	25
Reaction papers (3 @ 5%)	15
Product Category Project	25
Shopping Trip Project	10
Participation	10
TOTAL	100

GRADING PRINCIPLES

- 1) First, I look for a demonstrated knowledge of the material and an ability to apply the material using basic marketing concepts. Knowledge can be demonstrated by performance on tests, class participation, and homework assignments.
- 2) Gaps in knowledge are usually demonstrated by: not turning in assignments on time, inability to participate in class discussions, inability to follow directions, and poor performance on exercises
- 3) This class will test and develop your critical thinking skills. To demonstrate that you have thought critically, as a minimum you should be able to provide substantive support from the readings, discussions, and class activities in the arguments you make. You should also be able to clearly articulate what your opinion is, what is wrong with your thinking, and why other

approaches are even more wrong than your own. If you cannot do these things, then you have not truly thought critically about the topic. Failure to think and write critically will result in poor grades in this class.

4) Just like they would be in the real world, the projects in this class are going to be somewhat loosely defined—you need to do your best possible work rather than trying to meet some minimum standard. I am not going to hold your hand through the process, but I will be glad to help you refine and improve the work that you do.

5) **Plagiarism and Use of Footnotes/Endnotes:** Unless the information presented in a paper or assignment is entirely yours and entirely new to the world because you wrote or said it (not being aware is not an excuse, be careful here), you must reference the source you used to obtain the information. Therefore, use footnotes or endnotes as needed.

Reaction Papers

These papers are due at the beginning of the class session where they are mentioned in the syllabus. They will generally cover the material discussed the week before, and the questions you should address in your reaction paper. The reaction paper must include references to other materials from the class, such as the readings and presentations. Merely talking about your opinion in an illogical or disorganized approach is not acceptable.

The reaction paper should be 3-4 pages, double-spaced, Times New Roman 12 font, with one-inch margins on all sides. Put your name and the page number as a header on the right side of the page. Include a cover page with your name, the title of the reaction paper, and the date. Only a physical paper copy will be accepted.

Product Category Project

Based on your own interests, you need to develop familiarity with a luxury brand and product category and make a brief (10-20 minutes) presentation to the class about the product and product category. This presentation will be worth 20% of the overall project grade. Your presentation should address issues such as: who are the major players in this industry, how big is the overall market, how big is the company, what are the key differentiators in this market, why do people buy this product, what distinctions are there among brands, what product levels are there for the major brands, who are the consumers for this product, and why do they buy it, *inter alia*. I will walk you through a presentation in an upcoming lecture to give more specific guidance, but you should begin your research as soon as possible. Your product/category needs to be approved by me in advance. The written project will provide a much more structured and in-depth analysis of the product category, but will contain much of the same information, along with SWOT analysis, demand analysis, and a BCG matrix. I will discuss this in greater detail during an upcoming lecture and provide the specific guidelines. This paper will be due at the beginning of the last day of class, but may also be turned in early. This paper should be roughly 8-10 pages, not including appendices.

Shopping Trip Project

You will need to actually shop for a luxury good in a physical store and write a detailed assessment of the experience. This assessment should include a narrative description of the

experience, several connections with the different texts covered in class, and at least 15 aspects of the *Selling Luxury* text. Much like an anthropological expedition, you will need to prepare in advance for the shopping trip, developing a familiarity with the product category, the product, the store, and then deciding in advance what elements of the experience are most important for you. This should be 3-4 pages in length, excluding cover page and any reference pages you include. Formatting should be the same as for the reaction paper.

GRADE LEVELS

Final grades will be calculated as follows:

A	93 – 100.0%	C+	77 – 79.9%
A-	90 – 92.9%	C	73 – 76.9%
B+	87 – 89.9%	C-	70 – 72.9%
B	83 – 86.9%	D	60 – 69.9%
B-	80 – 82.9%	F	Below 60%

I reserve the right to assign +/- ONLY for those with near perfect attendance. Please note that there will not be any rounding up of grades.

ATTENDANCE POLICY

As mentioned before, this class is based predominantly on in-class activity and discussion, rather than on lecture. Thus, your attendance in class is vital because the quality of the discussion will ultimately be based on you, on your participation and on your readiness to contribute. We will also be completing graded activities most class sessions, and without valid evidence of a true emergency, this work cannot be made up. Please do not contact me if you are going to miss class and ask what we are doing—that information is conveniently provided in the syllabus. If you need additional information about what is going to be (or was) discussed in class, please come see me during office hours or ask a classmate.

EMAIL POLICY

I know there are going to be times when you will have to communicate with me by e-mail to notify me of issues or to ask brief questions. If your question will take more than 10 words to answer, you will need to set up a time to talk with me in class, via Skype, telephone, or in my office; this is because there will be a good chance that I will not be at my desk when I answer your e-mail. Please bear in mind that I will not reply to questions that are already answered or addressed in the syllabus. For example, I will not respond to an email that asks “When is Reaction Paper 3 due?” Similarly, if you miss or are going to miss class and want to know what we covered, you need to speak with me directly.

MAKEUP POLICY

If for any reason you miss class and can provide valid evidence that this was an excused absence, in accordance with university policy, you may complete a makeup exercise if there was a graded assignment that class session. This makeup process will require the reading of either a business case or a section of a book in advance, a written exercise based on the reading, followed by a verbal defense of what you have written. This is not meant to be punitive, but to ensure that you have mastered the material covered that day and that you are doing the equivalent amount of

coursework as your classmates who attended class.

SPECIAL NEEDS STUDENTS AND EXAMS

I honor all students' special needs. I ask that you have approval by Learning Assistance Center (LAC) and inform me early in the semester about any special arrangements you need. I cannot accommodate your needs if I am not aware of them, so PLEASE let me know early! You will be required to take all exams at the LAC and at the same time as the rest of the class.

SCHEDULE OF EVENTS for MKTG 377, Spring 2015

<u>Session</u>	<u>Date</u>	<u>Topic, Chapter, Assignment</u>
1	Su	1-11 Go over syllabus, Watch film The Joneses . Discussion Questions: What are the criticisms of luxury goods? What are our stereotypes about luxury products?
2	Sa	1-17 Class. (Entire book). Harvard Business Case: Mad About Plaid Discussion Questions: Who is the luxury consumer? What role does class and culture play in luxury marketing? In what ways is this good, and in what ways is this bad? Is class the only determinant of luxury? What drives the American class system? What values do we espouse? What is our basis for hierarchy? What role does culture play in luxury?
3	Sa	1-24 Luxury Goods and Brand Extensions: Supply & Demand-Side Forces Trading Up. (Specific Chapters) Business Horizons Article: How Far Can Luxury Brands Travel? Avoiding the Pitfalls of Luxury Brand Extension. Discussion Questions: What drives decisions to “trade up”? What attributes are necessary for a product to be considered <i>masstige</i> ? How are these products different from <i>true</i> luxury goods? What product categories are more appropriate for luxury brand extension? Is this really a move up for firms and consumers? Reaction Paper 1: Are there racist or classist elements in luxury? How can we advocate one culture being superior at one thing, without saying that other cultures are inferior? Also, what cultural and ethnic values do luxury goods tend to convey? What happens if the wrong people start using a luxury product?
4	Sa	1-31 Pearls Before Swine: The Rich, Filthy Rich, and Luxury.

Richistan.
Trading Up. (Specific Chapters)

Business Case: Vertu: Nokia's Luxury Mobile Phone for the Urban Rich

Discussion Questions: How are the concepts of class, wealth, and rich similar? In what ways do they overlap? How are they different? Where do they not overlap when they probably should? How democratic should luxury be? What distinguishes luxury from gaudy? What distinguishes luxury from excess? What role does class play in this?

5 Sa 2-7 **Luxury Retailing: The Forgotten and Misunderstood Frontier.**

Selling Luxury. Connect with Affluent Customers, Create Unique Experiences Through Impeccable Service, and Close the Sale. (Entire book)

The Call of the Mall. (Select Chapters).

Discussion Questions: How distinct is the luxury shopping experience from the general/ordinary mall experience? How different do they need to be? Are malls and luxury stores pursuing the same goals? How and why are they? How important is the luxury experience anyway? Why should it matter? In creating a shopping experience, where should we draw the line in giving customers what they want?

Reaction Paper: Discuss at least five of the points made in *Selling Luxury*. Specifically, based on our readings thus far, in what ways are the authors right and in what ways are they missing the mark? What notions of class, wealth, culture, and values are shaping the approach and tactics they suggest? Are their recommendations dated or incongruent with modern business practices?

6 Sa 2-14 The Luxury Shopping Experience.

Presentation of Shopping Experiences and Managerial Recommendations.

7 Sa 2-21 Luxury Goods and Their Stigma

Stigma. (Entire book).

Discussion Questions: What does the term stigma mean? What makes an identity stigmatized? What are examples of stigmatized identities (in

consumption) and how does this happen? How can a luxury market become stigmatized? What would be the nature of this stigmatization? How do you market to a stigmatized group? What role does social construction play in all of this?

- 8 Sa 2-28 **The Chinese Luxury Market**
Case: Shanghai Tang: The First Global Chinese Luxury Brand?
- Discussion Questions:** In what ways is the Chinese luxury client different? What are some of the challenges facing brands that sell in China? How does selling in China impact sales in Europe? The US? How does culture affect luxury perceptions?
- Reaction Paper 3:** Based on the readings, discussions, and the work you have done thus far, how would you go about trying to reposition a product as a luxury good? What would you want to know about the potential market, the product category, *inter alia*, to make a positioning decision?
- 9 Sa 3-7 **Final Product Category Report Due.**
- Final Activity TBD.**