

**MKTG 897: Luxury Branding and Retailing –Bringing it into the 21st Century
Spring 2021| Paris**

Pre-travel LIVE & Zoom Meetings (Philadelphia):

(all Philadelphia lectures will be recorded)

Two 1.5-hour Instructor-led Zoom Sessions.

(1) **Professor Kahn:** “Rules of Luxury” and “Retail Disruption”: **Tuesday, April 12: 4-5:30**

(2) **Professor Lamberton:** Customer Journey and Consumer Touchpoints: **Thursday: April 21 4-5:30**

+

One 2-hour LIVE / (hybrid): *Student Presentations & Trip preparation* session:

Tuesday: April 26 4-6:00 (classroom to come)

Dates in Paris: **May 29(evening)-June 2 (evening)** (see illustrative schedule below)

Wharton Instructors: Barbara Kahn (kahn@wharton.upenn.edu)
Cait Lamberton (catlam@wharton.upenn.edu)

TA: Lindy Firstenberg (lindyf@wharton.upenn.edu)
Sam Thomas (slthomas@wharton.upenn.edu)

Prerequisites: MKTG 611 & MKTG 612 or MKTG 613, MKTG 101 or consent of instructor

DESCRIPTION

The luxury industry has been heavily impacted by the Covid-19 pandemic, with some estimates suggesting a contraction of over 20%. ¹ Some of the changes in consumer behavior directly affected luxury in the short-term, but these changes in behavior may eventually revert to past history when the pandemic is over. Examples of these include the drop in tourism travel, work from home trends, reduced traffic to physical retail and malls, and the reduction of festive social activities (e.g., weddings). Other trends affected many industries and are likely to fundamentally change consumer behavior long-term: (1) net zero retail now, (2) digital by design, (3) thoughtful experience, (4) re-localization and (5) lead with purpose ²

¹ https://www.bain.com/about/media-center/press-releases/2020/covid_19_crisis_pushes_luxury_to_sharpest_fall_ever_but_catalyses_industrys_ability_to_transform/#

² <https://www2.deloitte.com/ch/en/pages/consumer-business/articles/retail-trends.html>

This course explores the special challenges that are faced by luxury brands as they try to navigate rapidly evolving shopping behaviors in both the online and offline environments. In this course we will articulate the key principles for successful luxury branding & experiences and focus on the challenges and opportunities that luxury brands face. We will focus on the unique context of French luxury.

Although we will have some traditional lecture/discussion classes, the course is primarily experiential. We will explore French luxury broadly across many product categories. We will learn from what we see in Paris, but we will also critically assess how companies are coping with the challenges of the post-covid retailing environment.

SPECIAL PARTNERSHIP IN PARIS

As a special feature of this course, we will partner with the **Institut Francais de la Mode (IFM)**, one of the top fashion and luxury schools in the world. We will work with faculty and students from the MSc (International Luxury and Fashion Management) program³. Project working groups will be formed by mixing Wharton and IFM students for a truly international experience.

ASSESSMENT

Class participants need to complete pre-work prior to the trip to Paris and must submit a narrated PowerPoint deck after the course's completion to receive credit.

- **Participation in Paris Sessions (Individual):** **30%**

To receive credit, participants are expected to attend all class sessions and site visits and must remain in residence for the full duration of the program. In addition, each participant needs to prepare required pre-readings to contribute to both in-class discussions and in-country visits.

- **Pre-Work (In Groups): Brand Backgrounders** **30%**

This assignment should be done in groups of 2-3 people and is designed to develop background material for the trip abroad. Although we will not be able to visit all these brands, understanding their strategies and culture will help us learn French values. To the degree possible, it will be more worthwhile to prioritize the brands/industries we will be visiting with.

Choose three of the brands listed below and submit those names to the TA. We will

³ The MSc Fashion & Luxury Management program is a full-time program at IFM in Paris. The program is taught in English and is aimed at the international students (24 different nationalities are represented). Students join this master's program after having completed a 3-year or 4-year degree in any field of study. The 2 year program provides students with the tools and skills to accelerate their careers in fashion, luxury and beauty industries. IFM has close links with French and international Luxury houses, which enables these students to launch their careers in fields of marketing, merchandising, buying and retailing, and communication.

assign each group of students one brand as a function of your preferences, while trying to eliminate duplication and repetition.

Your goal in this assignment is to document and synthesize as much as you can for your brand and its luxury brand culture/identity.

- Perform a “brand audit” and indicate your understanding of the key functional, emotional, and symbolic benefits that the brand exemplifies
- Describe the brand strategy at retail—both offline and online—and indicate what you feel are three key elements of the brand’s retail experience
- Describe the brand’s “luxury positioning,” i.e., the broad segment(s) to which it appeals

The output of the assignment is a 5-7 min presentation (and hand-in ppt deck) to the rest of the class.

Brands/Industries to choose from:

1. Chanel
2. Dior
3. Givenchy
4. Yves Saint Laurent
5. Lanvin
6. Chloe
7. Hermes
8. Celine
9. Louis Vuitton (LVMH)
10. Cartier
11. Christian Louboutin
12. Veuve Cliquot Champagne; Tatinger Champagne; Pernod Ricard
13. Falcon business jets
14. French luxury cheeses/food
15. French luxury cars: Bugatti, Citroen,
16. French luxury retail: Galleries Lafayette; L Atelier de Haute Joaillerie (Van Cleef / Cartier) Rue Danielle Casanova close to Place Vendôme; KITH; Printemps
17. Galerie Krel; Virgil Abloh
18. French Luxury Restaurants: Alain Ducasse

• **Final Paper:**

40%

The goal of this assignment is to synthesize all that you have learned about luxury branding/retail in France and anticipate how these companies/brands/retailers will be able to cope with trends that are occurring in the present market.

Choose one company/brand that we have will be experiencing in Paris and discuss the following: (NOTE: with special Instructor pre-approval, a French brand that we are not visiting but for which there is special interest may be chosen for this project):

- What is their luxury positioning/strategy as they describe it? Now, using the “success” framework presented in class, outline what you think their strategic priorities should be. Explain how the brand is (or may not be) delivering to these strategic goals.
- Describe growth opportunities for the brand. For example, how does the brand deliver to “exclusive” versus “accessible” luxury? How is the brand engaging with the “next generation” of consumers? What is their global strategy especially as it relates to emerging markets, e.g., China, India, and Africa? Describe their customer portfolio strategy (i.e., customer acquisition, customer retention, LTV, etc)
- Using the Post-Covid Brand Matrix, choose one box that the brand should consider as their Post-Covid Value Priority, defend that choice.

Consistent with this branding strategy, describe at least one trend (listed below) that is occurring post-covid and talk about :

- how the brand is reconciling the “rules of luxury” within the guardrails of the 21st century retail disruptors and
- how they are using their reconciliation strategy to differentiate themselves at specific points in the consumer journey
- If the brand is addressing more than one box on this matrix (or going after multiple post-covid trends), discuss the wisdom or lack of wisdom in this multi-prong approach.

In all cases, discuss whether their post-covid strategy is cohesive.

Choose from this list:

- Sustainability
- Omni-channel
- Urban/Street (“casualization”)
- Resale
- Social Influencers
- Customization/Personalization
- Inclusivity (DEI initiatives)
- Social Impact/“Woke” values
- Metaverse (virtual world –shared virtual space, ownership of digital goods)
- Legislation (GDPR), Privacy, Labor laws
- Collaborations
- Offer one recommendation specific to a given point in the consumer journey for this brand where you see a potential pain point or missed opportunity. This recommendation should describe a marketing tactic or set of tactics that would either further address a disruptor with which they are already engaging or address a disruptor that you see as a potential threat for this brand. Be sure to explain the way that this strategy would support the brand’s existing positioning at the same time that it responds to a specific tension in the current luxury landscape.

- **REQUIRED READINGS (maybe a few more and there is a long list of optional readings at the end)**

HBR: “Competing on Customer Journeys,” by David C. Edelman and Marc Singer (November 2015)

McKinsey Quarterly, “The Consumer Decision Journey,” by David Court, Dave Elzinga, Susan Mulder and Ole Jorgen Vetvik, (2009)

Brand Management, “Is CRM for luxury brands,” by Hugues Cailleux, Charles Mignot, Jean-Noel Kapferer, September 2008

Journal of Brand Management, “Are Millennials Really More Sensitive to Sustainable Luxury? A cross-generational international comparison of sustainability consciousness when buying luxury,” by Jean-Noel Kapferer and Anne Michaut-Dentzeau, (August 2019)

Journal of Brand Management, “Is Luxury Compatible with Sustainability? Luxury Consumers’ Viewpoint,” by Jean-NelKapferer and Anne Michaut-Denizeau, (August 2013)

ResearchGate, “The Luxury Strategy: Break the Rules of Marketing to Build Luxury Brands,” by Jean-Noel Kapferer, (January 2009)

SAMPLE In-Paris COURSE SCHEDULE AND DESCRIPTION

(this list of experiences and dates will definitely change when we get closer to our actual dates; but they are illustrative of what we will be doing)

- Evening One (Sunday):
 - **Overview of final schedule / logistics**
 - **Review of relevant frameworks/guidelines**
- Day Two (Monday):
 - **Morning:**
 - *Conversation and site visit* with a luxury department store, La Samaritaine or Galleries Lafayette
 - **Afternoon:**
 - *Lecture and behind-the-scene site visit* with a luxury apparel brand such as Chanel

END of DAY WRAP-UP DISCUSSION/SYNTHESIS
- Day Three (Tuesday):
 - **Morning:**
 - *Site Visit/Tour* Luxury atelier such as the LVMH luggage atelier in Asnieres-sur-Seine
 - **Afternoon/Evening:**
 - Visit to Reims, Champagne country followed by dinner at a Michelin rated restaurant

END of DAY WRAP-UP DISCUSSION/SYNTHESIS

- Day Four (Wednesday):
 - **Morning:**
 - Museum Experience: Fondation Louis Vuitton
 - **Afternoon:**
 - Food and Beverage: Meet with Alain Ducasse and lunch
 - Unique Art Experience: Galerie Kreo
 - **END of DAY WRAP-UP DISCUSSION/SYNTHESIS**

- Day Five: (Thursday):
 - **Morning:**
 - Site Visit: KITH
 - **Afternoon:**
 - Group Projects Work
 - **Evening:** Farewell Cocktail / Dinner

OPTIONAL READINGS

Kansara, Vikram Alexei, “Amid Pandemic, Luxury Leaders Seize Digital Opportunity to Gain on Rivals,” *Business of Fashion*, July 31, 2020

Grigorian, Greg, “Luxury Brands are Digitizing, and China is Their Fiercest Digitizer,” *Pandaily*, December 13, 2019 <https://pandaily.com/luxury-brands-are-digitizing-and-china-is-their-fiercest-digitizer/>

O’Connor, Tamison, “Selling Fashion to the 1% During a Pandemic,” *Business of Fashion*, August 4, 2020, [https://www.businessoffashion.com/articles/professional/selling-fashion-to-the-1-during-a-pandemic?utm_source=daily-digest-](https://www.businessoffashion.com/articles/professional/selling-fashion-to-the-1-during-a-pandemic?utm_source=daily-digest-newsletter&utm_campaign=1674262531628517&utm_term=11&utm_medium=email)

[newsletter&utm_campaign=1674262531628517&utm_term=11&utm_medium=email](https://www.businessoffashion.com/articles/professional/selling-fashion-to-the-1-during-a-pandemic?utm_source=daily-digest-newsletter&utm_campaign=1674262531628517&utm_term=11&utm_medium=email)

Fernandez, Chantal, “What Luxury Can Do About the Tourism Crisis,” *Business of Fashion*, July 20, 2020, [https://www.businessoffashion.com/articles/professional/travel-luxury-](https://www.businessoffashion.com/articles/professional/travel-luxury-coronavirus-ecommerce-china-luxury-tourism-duty-free?utm_source=daily-digest-newsletter&utm_campaign=1672361820645357&utm_term=11&utm_medium=email)

[coronavirus-ecommerce-china-luxury-tourism-duty-free?utm_source=daily-digest-](https://www.businessoffashion.com/articles/professional/travel-luxury-coronavirus-ecommerce-china-luxury-tourism-duty-free?utm_source=daily-digest-newsletter&utm_campaign=1672361820645357&utm_term=11&utm_medium=email)

Esposito, Alicia, “How Luxury Brands are Responding to Covid Tension with Innovation,” *Retail Reset*, July 9, 2020 [https://retailtouchpoints.com/topics/how-luxury-brands-are-](https://retailtouchpoints.com/topics/how-luxury-brands-are-responding-to-covid-tension-with-innovation?mkt_tok=eyJpIjoiTkdvE5tVXhaak5rWVdNMiIsInQiOiJib2RHTUhvd3BZV0k0WGNydzVqekJzYk1pQ0pPdUtKMTBEdWlkUFM5dDRkTWhqZEJOZU5wQmNDVEdyZGZ6S0JpUlpITFd3TU1mdnVMUjBTaE0xUXhJQlwwMVU3K2xRZmhvcUoxamtRYkJRTSt2UUMlY3lJRVIUVJVVYUZQnkVUT3AifQ%3D%3D)

[responding-to-covid-tension-with-](https://retailtouchpoints.com/topics/how-luxury-brands-are-responding-to-covid-tension-with-innovation?mkt_tok=eyJpIjoiTkdvE5tVXhaak5rWVdNMiIsInQiOiJib2RHTUhvd3BZV0k0WGNydzVqekJzYk1pQ0pPdUtKMTBEdWlkUFM5dDRkTWhqZEJOZU5wQmNDVEdyZGZ6S0JpUlpITFd3TU1mdnVMUjBTaE0xUXhJQlwwMVU3K2xRZmhvcUoxamtRYkJRTSt2UUMlY3lJRVIUVJVVYUZQnkVUT3AifQ%3D%3D)

[innovation?mkt_tok=eyJpIjoiTkdvE5tVXhaak5rWVdNMiIsInQiOiJib2RHTUhvd3BZV0k0WGNydzVqekJzYk1pQ0pPdUtKMTBEdWlkUFM5dDRkTWhqZEJOZU5wQmNDVEdyZGZ6S0JpUlpITFd3TU1mdnVMUjBTaE0xUXhJQlwwMVU3K2xRZmhvcUoxamtRYkJRTSt2UUMlY3lJRVIUVJVVYUZQnkVUT3AifQ%3D%3D](https://retailtouchpoints.com/topics/how-luxury-brands-are-responding-to-covid-tension-with-innovation?mkt_tok=eyJpIjoiTkdvE5tVXhaak5rWVdNMiIsInQiOiJib2RHTUhvd3BZV0k0WGNydzVqekJzYk1pQ0pPdUtKMTBEdWlkUFM5dDRkTWhqZEJOZU5wQmNDVEdyZGZ6S0JpUlpITFd3TU1mdnVMUjBTaE0xUXhJQlwwMVU3K2xRZmhvcUoxamtRYkJRTSt2UUMlY3lJRVIUVJVVYUZQnkVUT3AifQ%3D%3D)

Business of Fashion team, “The BoF Podcast: Neiman Marcus Chief Executive Sees Stores as Vital for Digital Growth,” *Business of Fashion*, July 16, 2020

[https://www.businessoffashion.com/articles/podcasts/the-bof-podcast-neiman-marcus-chief-](https://www.businessoffashion.com/articles/podcasts/the-bof-podcast-neiman-marcus-chief-executive-sees-stores-as-vital-for-digital-growth?utm_source=daily-digest-newsletter&utm_campaign=1672361914738494&utm_term=11&utm_medium=email)

[executive-sees-stores-as-vital-for-digital-growth?utm_source=daily-digest-](https://www.businessoffashion.com/articles/podcasts/the-bof-podcast-neiman-marcus-chief-executive-sees-stores-as-vital-for-digital-growth?utm_source=daily-digest-newsletter&utm_campaign=1672361914738494&utm_term=11&utm_medium=email)

[newsletter&utm_campaign=1672361914738494&utm_term=11&utm_medium=email](https://www.businessoffashion.com/articles/podcasts/the-bof-podcast-neiman-marcus-chief-executive-sees-stores-as-vital-for-digital-growth?utm_source=daily-digest-newsletter&utm_campaign=1672361914738494&utm_term=11&utm_medium=email)

Fernandez, Chantal, “Farfetch Sales Soared as Online Shopping Took off During Lockdowns,” *Business of Fashion*, August 14, 2020

https://www.businessoffashion.com/articles/professional/farfetch-results-q2-2020-coronavirus-luxury-fashion-ecommerce?utm_source=daily-digest newsletter&utm_campaign=1674896486415598&utm_term=11&utm_medium=email

Fernandez, Chantal, "The Problem with the Online Luxury Model," *Business of Fashion*, May 14, 2020, <https://www.businessoffashion.com/articles/professional/the-problem-with-the-online-luxury-model>

Solca, Luca, "How Luxury Brands Sell 'Exclusive' Goods by the Millions," *Business of Fashion*, June 22, 2020 https://www.businessoffashion.com/articles/professional/luxury-exclusivity-pricing-chanel-louis-vuitton-dior?utm_source=daily-digest-newsletter&utm_campaign=1669916665746416&utm_term=11&utm_medium=email

Business of Fashion team, "Karl Lagerfeld's Greatest Legacy Is a Business Model," *Business of Fashion*, February 22, 2018, <https://www.businessoffashion.com/articles/professional/karl-lagerfelds-greatest-legacy-is-a-business-model-chanel>

Sherman, Lauren, "Chanel Sees Trouble Through 2021: What Happens Now?," *Business of Fashion*, June 18, 2020 https://www.businessoffashion.com/articles/professional/chanel-surpasses-12-billion-in-2019-sales?utm_source=daily-digest-newsletter&utm_campaign=1669825925315613&utm_term=11&utm_medium=email

Sherman, Lauren, "Yoox Net-a-Porter's 'Painful: Tech Upgrade Drags Down Richemont,'" *Business of Fashion*, November 18, 2019, <https://www.businessoffashion.com/articles/professional/yoox-net-a-porter-richemont-tech>

Sherman, Lauren, "The Next Wave of Luxury E-Commerce," *Business of Fashion*, April 2020, <https://courses.businessoffashion.com/courses/take/case-study-luxury-ecommerce-online-retail/pdfs/11481339-the-next-wave-of-luxury-e-commerce>

Sherman, Lauren, "Winners Take All: How LVMH and Kering will Extend Their Supremacy Post-Pandemic," *Business of Fashion*, May 26, 2020 https://www.businessoffashion.com/articles/professional/winners-take-all-how-lvmh-and-kering-will-extend-their-supremacy-post-pandemic?utm_source=daily-digest-newsletter&utm_campaign=1668012707200954&utm_term=11&utm_medium=email

Howland, Daphne, "Nordstrom says 'Local' Stores are its Future," *Retail Dive*, May 22, 2019, <https://www.retaildive.com/news/nordstrom-says-local-stores-are-its-future/555321/#:~:text=The%20company%20sees%20its%20future,online%20and%20not%20in%20store.>

Menkes, Suzy, "Retail is Broken. Apple's Angela Ahrendts Has a Plan," *Vogue*, January 28, 2019, <https://www.voguebusiness.com/companies/angela-ahrendts-apple-retail-strategy>

Fortana, Roberto, Stephane J. G. Girod and Martin Kralik, "How Luxury Brands Can Beat Counterfeiters," *Harvard Business Review*, May 24, 2019 <https://hbr.org/2019/05/how-luxury-brands-can-beat-counterfeiters>

Danziger, Pamela, "3 Ways Millennials and Gen-Z Consumers Are Radically Transforming the Luxury Market," *Forbes*, May 29, 2019 <https://www.forbes.com/sites/pamdanziger/2019/05/29/3-ways-millennials-and-gen-z-consumers-are-radically-transforming-the-luxury-market/#51182e2f479f>