

**MBA International
Luxury Brand Management
Course Outline Summary
Edition 2010**

Introduction Seminars: Luxury Foundations

INTRODUCTION TO THE LUXURY INDUSTRY

The seminar is divided into 2 parts.

The objective of Part 1 is :

1. Understanding the essence of a Luxury Brand
2. Understanding Luxury Brands consumption

While Part 1 focuses on Foundations of Luxury Brand Management, Part 2 deals with the luxury market analysis: figures, competition landscape, main players.

Evaluation is based on class discussion participation and contribution.

LUXURY FASHION BRANDS

The seminar addresses 3 questions:

- Can the concept of 'unlimited luxury' be applied outside fashion?

After having unveiled couture's true genetics and objective, the course analyses how to optimise strategically its impact. In this process a number of parallel brand building strategies and business/marketing opportunities are pointed out.

OENOLOGY AND LUXURY

The objectives are to bring to the MBA students the necessary information to know and understand wine as a luxury product. Each course begins with a presentation of a great wine region (Bordeaux, Champagne, California...) followed by a tasting of great wines. Owners or General Managers of great chateaux and wineries participate in each course and can share with the students their professional experience and in depth knowledge of the sector.

GEMOLOGY AND LUXURY

The objective of this seminar is to provide students with a general knowledge about gemstones, their methods of identification, the complexity of scientific methods of synthesis, and the role of laboratories in the business of gems. Furthermore, participants will evaluate what is an expertise, how are gems marketed and distributed, and what do they represent in the luxury environment.

The courses are led by professional who are specialized in pearls, precious stones, diamonds, in contemporary or in ancient jewellery. Their lecture is accompanied with power point presentations or with didactic samples of gems.

MANAGING LUXURY BRANDS/GOODS: Current Issues

The course aims to discuss the specificities of luxury goods marketing. Current issues faced by luxury companies are presented, allowing participants to understand:

- The long term trends in the luxury industry
- The changing shape and definition of the luxury sector
- The leverage factors for future development
- The specific and not so specific success factors in the mix proposition

By tackling business cases, participants have an interactive, hands on learning through open minded discussions where every idea is welcome.

The lecture is built to reinforce the learning through thinking and the ability of participants to think through a different angle.

Marketing Courses

INTERNATIONAL MARKETING

The students develop a theoretical and practical understanding of the basic philosophy of marketing, international marketing, the strategic marketing process underlying the internationalization of a firm, the decisions to be taken, various tools to be applied, and activities to be carried out in different stages of international marketing strategy formation.

Students also improve their intercultural group decision-making and team presentation skills.

Students prepare each class meeting by reading indicated chapters of the textbook and by analyzing cases individually or in groups.

In class the cases are partly discussed in groups and in the plenary. Each student group has to play the role of consultants by preparing two cases and presenting the results of their analyses and suggestions in competition to another group.

Where necessary, short lectures are given to explain certain concepts and theoretical frameworks or to summarize the learning experience from the cases.

Evaluation incorporates short case preparation papers, group presentations as well as class participation

INTERNATIONAL LUXURY DISTRIBUTION

- Understanding the structure of the Luxury Industry by segment
- Understanding the various distribution strategies : Licensees - Distributors, Sales Agents , Fully-Owned subsidiaries and their respective logic
- Understanding the various aspects of Licensing, Retail & Wholesale
- Understanding the two major types of Business Models existing in the Luxury Industry and the bridges that can exist between them.
- Understanding the specificity of Department stores, and other retailing networks (Flagship stores, free-standing stores , concept stores etc)
- Understanding the need for new and small or “niche” Brands to face & adopt specific Distribution Strategies

CONSUMER BEHAVIOUR & BRAND COMMUNICATION

This course builds upon the core lessons learned in the basic Marketing class to further explore interrelated topics of marketing communications, consumer psychology/behaviour, and strategic brand management.

The course is essentially structured to illustrate all aspects of Integrated Marketing Communications (IMC) campaign: researching to determine customer insight, segmenting and targeting, positioning a brand, developing creative communication strategies, and determining the best way to evaluate and measure the effectiveness of various aspects of an IMC program (e.g., advertising, sales promotions, packaging, direct marketing, point-of-purchase communications, marketing-oriented public relations and event & cause-related sponsorships).

Effective communications requires that we understand the receiver of our communications – the customer. Accordingly, in this course we first build our knowledge of customer psychology and behavior and look at how this understanding feeds into the development of effective marketing communications campaigns.

LUXURY PRODUCT & MERCHANDISING MANAGEMENT

The intent of this course is to give an almost seamless and transversal perspective on the combined inputs; from the brand manager point of view down to the sales manager's prospect. With an ambition to bring students to feel what it takes to successfully develop and sell a powerful product offering, when *Product Development* and *Retail Effectiveness* have become ultimate key success factors. Addressing that equation implies to grasp specific stakes, and to make up links between several complementary functions throughout the value chain leading to the consumer: Brand manager / Product manager; Supply Chain manager; Retail manager / Merchandiser; Sales manager

The main objective of the course is to bring students to develop a comprehensive theoretical and practical understanding of product development, distribution and merchandising stakes, when taking into account what it takes to effectively gain access to consumers in the luxury industries:

LUXURY SERVICES MARKETING

After completing this course, students should be able to:

- Understand the unique challenges involved in managing services in the luxury sector
- Identify differences between marketing in service vs. manufacturing organisations and understand how “service” can be a competitive advantage in manufacturing organisations
- Identify and analyse the various components of the “services marketing mix” (three additional P’s), as well as key issues required in measuring and managing service quality
- Appreciate the role of employees and increasingly customers, in service delivery, customer satisfaction and service recovery
- Appreciate other key issues in service businesses such as managing supply and demand (especially ‘controlled supply’ in the luxury sector), the overlap in marketing/operations/human resource systems and relationship management.

The course will be a mix of formal lectures and class discussions. Discussions will be carried out using case studies and classroom exercises.

The formal assessment will include a Service Audit Report (group work, due at the end of the course) and a written final exam (individual work, 1 hour exam in the last session of the course).

INNOVATION AND LUXURY GOODS

The purpose of the course is to analyse the new product development process in luxury goods industries, and its specificities compared to consumer good. First, the role of innovation for luxury brands will be present. Then the different stages of the NPD process in luxury goods industries will be described, as well as the launch strategies.

Brand Management Courses

ADVANCES IN LUXURY BRAND MANAGEMENT

Facing a slowdown of the market growth, and changes in prestige consumption patterns, the luxury industry need to find new paths for its growth. Opening new stores, in combination with the reaching of new consumers has lead the luxury market to democratize.

Consequently, managing accessibility becomes important for luxury brands. The new challenge is to keep the aspirational aspects of the brand and products alive while allowing more and more accessibility. In this case, the brand conveys the spirit of luxury. This is where the “dream” enters into the equation as the key differentiator.

After discussing the essence of a Luxury Brand in the Foundations of Luxury Brand Management seminar, the course focuses on Advances in Luxury Brand management. It aims to analyse in depth how luxury brands manage accessibility and the dream factor thru time. To understand this complex process, we will be exposed to perspectives from marketing, semiotics (the study of symbolism), sociology, anthropology, postmodern consumption. In addition to lectures and discussion, students will work on case studies.

WORKSHOP IN BRAND MANAGEMENT

The students develop a theoretical and practical understanding of some essentials of brand management. They understand the impact of various brand concepts on managerial decision-making: analytical techniques applied, major decisions to be taken, and activities to be carried out. They get some related training by discussing recent cases in (international) brand development.

Students prepare each class meeting by reading articles and individually analyzing cases. In class the cases are partly discussed in groups and in the plenary.

Where necessary very short lectures are given to explain certain concepts and theoretical frameworks or to summarize the learning experience from the cases. One or two guests from non-French luxury companies are invited as speakers.

Organizational Behaviour/Strategy Courses

MANAGING THE GLOBAL CORPORATION

The world of the modern corporations is being transformed, the old order has started to change. World is becoming 'borderless', as corporations are competing to be more and more global. Consolidation through mergers and acquisitions, strategic alliances, outsourcing and networks are becoming names of the game, be it the automobile, cement, telecom or the banking industry.

A study of the strategy of international firms (to begin with we define them as MNCs) encompasses any problem or opportunity, in the areas of finance, production, marketing, information technology, and human resource management. This course draws from both the external and internal environment, and macro and micro economies of the firm. Hence it is both interdisciplinary and integrative.

The approach taken to deal with these queries will be managerially oriented. We will use a combination of theory and case studies to probe your contextual familiarity, analytical abilities and debating skills. To be an effective manager in an international context you have to be aware of your own orientations, your values while learning to listen sensitively to others. This methodology will attempt to maximize your learning experience.

In-class discussions and exchanges will be a critical part of the course.

MANAGING PEOPLE

This course examines the historical development and philosophical approaches to the management of people. A range of key human resources challenges, processes and practices are explored and discussed within an international context. The main objective is to provide students with a framework whereby they can understand:

- Historical and philosophical aspects of HRM
- The emerging challenges in the management of human resources.
- The contexts in which human resources management takes place.
- How to analyse staffing issues and consider how organizations can effectively recruit, select, and socialize employees.
- The development of human resources through the appraisal and management of performance, the importance and application of training, and the roles of the employee and the organization in the career development process.
- The role of organized labour, and the regulations governing workplace health and safety.
- Aspects of HRM practices and processes within an international context

This course is based on a resource oriented learning approach. The instructor provides a list of recommended readings including textbooks and journal articles.

The students are responsible for researching secondary sources relevant to the course topics and conduct independent literature reviews.

Guest speakers will be included where possible. Short video clips, illustrative of the topics under discussion, will be shown where appropriate material exists. This course includes a range of student assignments reflecting the diversity of students' learning styles and educational experiences and backgrounds. Student assignments consist of essays focusing on the recruitment and selection process, and the impact of cultural characteristics on the management of people. Other evaluation methods include group assignments and presentations.

PERSONAL LEADERSHIP DEVELOPMENT

Due to the subjective nature of leadership, this course is designed to explore the individual student's experience and preparedness for leadership opportunities, through an exploration of leadership theories and their impact on the organizational culture of a given company or departmental team. Consistently, the individual student will be given opportunities to explore their own personal leadership history, skill set, temperament, and definitions of leadership and management.

This course is intended to guide each student through the complex and often contradictory issues related to models for successful leadership. As a result, it is intended that by the completion of the course the student will have been provided with an opportunity to accomplish the following:

- Develop a personal definition of leadership based on an understanding of the student's temperament and talent (synthesis of experience with ability).
- Examine some of the contemporary definitions of leadership.
- Explore historical and contemporary models of leadership, and how the student's individual leadership style compares to such models.
- Understand the responsibilities and privileges of leadership, including moral and ethical decisions and the use of authority and power
- Examine the context of leadership, focusing on the relationship between the individual and the group
- Apply foundational aspects of leadership to practical and anticipated real-life situations within the luxury industry.

This course will be taught by means of lectures, guest speakers, class discussions, interviews, individual assignments, and team exercises. This is a discussion-oriented class. Students will be given the opportunity to consider and challenge key concepts and theories through in-class discussions. This lecture and discussion approach is designed to a) clarify the material in the textbook and outside material, b) stimulate thinking about key leadership issues, and c) relate the covered material to real-world situations.

Finance and Accounting Courses

FINANCIAL MANAGEMENT

The purpose of the Financial Management is to introduce students to the main building blocks of Finance. At the end of the course, students should be able to: be knowledgeable about the universe of Finance (its language, its institutions, the problems it addresses and the solutions it proposes); value an investment project, company or line of business; apply financial models to determine the cost of capital of a project; analyze a firm's financial policy and understand its main drivers; be familiar with the most important aspects of mergers and acquisitions. Topics covered include: financial mathematics, bond and stock markets, financial analysis, capital budgeting decisions, the risk-return trade-off, basic capital structure theory, mergers and acquisitions, LBOs, takeover defences.

FINANCIAL ACCOUNTING

This course is designed for prospective managers whose primary involvement with accounting information is expected to be from a user-perspective (as opposed to a preparer-perspective). The overall objective is for participants to gain an appreciation of the various financial reporting and disclosure issues/methods used worldwide in preparing the major financial statements.

This class will involve a combination of lecture, problem solving and discussion of issues. Students are expected to prepare for and actively participate in class discussions.

MANAGEMENT ACCOUNTING

The course general objective is to provide students with a solid understanding of fundamental costing techniques and cost behaviour in order to meet the information needs of managerial decisions. The learning objectives are:

- Identify management accounting information and use management accounting techniques for decision making
- Evaluate the benefits and concerns of alternative management accounting tools in a range of strategic and operational settings
- To build business plans and discuss with Financial managers (Finance executives and controllers)

STRATEGIC COST MANAGEMENT

Following the Management Accounting course, this course provides the concepts and tools of strategic cost management and control system design. It provides to operational managers (with an emphasis for marketing and sales managers) the fundamentals and tools they will need in their controlling responsibilities. As responsible of profit or investment center managed with a budget, in charge of team performance and asked for reporting to their hierarchy, competences in strategic cost management is a prerequisite for managerial responsibilities. The course focuses on: the organization of control; budgeting; measuring performance (financial & non financial performance); reporting tools; Tableaux de Bord & Balanced Score Cards; control tools for project management, target costing.

Format: Lectures; case study; conference. Evaluation: oral presentation (collective); written assignment (individual).

INTERNET-BASED INVESTING IN LUXURY BUSINESSES

This course teaches how to make the best use of the information and the tools available on the internet to make sound investment decisions, both at the individual and at the corporate levels.

It addresses key questions that challenge all investors and managers concerned with the most efficient use of their limited cash flows: where to find the best opportunities (information); how to assess the economic value of target companies (intelligence); how to optimize the allocation of available cash (decision); what are the key drivers of success for an investor (control). The subject aims at preparing participants to compete in a global investment environment, both as individuals and as managers.

This course will use real-live case discussions, lectures and an *Investment Laboratory* to discover the full power of the internet in this area. It focuses on the following subjects.

Opportunity, Screening, Valuation, Allocation, Financing, Timing, Success.

The course requires the core concepts and skills developed in an Introduction to Corporate Finance and in an Introduction to Strategy. Because the course will be linking financial concepts to other business concepts, a broad training in management may also be useful.

This course is designed to be a challenging and time-consuming experiment. Participants should expect to study an average of three real life investment opportunities per week. They will be required to submit a written justification for each investment / divestment decision (fact sheet). They will be allowed to work in teams of no more than four. Learning will come from struggling together to make the best investments and to beat the market. The course places a strong emphasis on presentation and discussion skills.

Operation Courses

INNOVATION & OPERATIONS STRATEGY

Innovation and Operations Strategy in the luxury products industry is about the design, production and delivery of goods and services for which the organization is set up. This course aims to get you familiar with some of them, particularly manufacturing strategy, production control, flexible technologies implementation and supply chain management. Operations management is frequently defined as the set of activities that creates goods and services through the transformation of inputs into outputs. Supply-chain management, a more notion, integrates the activities that procure materials, transform them into intermediate goods and final products, and deliver them to customers. As firms strive to increase their competitiveness via product customization, high quality, cost reductions, and speed-to-market, they place added emphasis on the supply chain. One of the key to effective supply chain management in the luxury goods industry is to make the suppliers “partners” in the firm’s strategy to satisfy an ever-changing marketplace.

The objectives of the course are the followings:

- To expose you to a range of operations settings so that you:
- are acquainted with both classical and current topics in Technology and Operations Management.
- will understand that operations management is part of your job, regardless of what it is.
- can appreciate the complexity, excitement, challenge and creativity associated with managing technological projects and operations.
- To develop your ability to analyze the design of operations processes, and the strategic management of the supply chain. The following skill set is of paramount importance:
- understanding how to diagnose an operation either in design, manufacturing, delivery and servicing stage.
- assessing the quality and productivity of an operation and the degree to which it is consistent with the organization's strategy and customer needs.
- defining and organizing ill-structured operations problems so they are analyzable and solvable.
- developing technological and operational options, prioritizing objectives, and proposing solutions.

RETAIL MATHS

This course aims at familiarizing students with the use of basic retail maths for the conduct or understanding of retail Operations at the level of Store Managers Retail Managers/CFO’S/COO’s, alternatively buyers/ Procurement or Supply Chain managers. Through lectures, case studies and group projects, students will learn to apply these techniques in real life situations.

This course requires therefore preliminary assimilation of concepts such as “Financial Accounting”, “Distribution and Retailing” that will be revisited and used in order to develop the “retail maths” concepts. In this course, only the most commonly used retail maths

techniques that students are likely to be face with in real life situations will be developed. In particular, this class will ensure that all students have assimilated the following concepts and tools:

- structure of margins in the industry from Manufacturing to Retail
- Determination of Distributor's margins, transfer prices policies
- Monitoring of retailer's margins – concepts of sell through, net and gross margins, discounts, and inventory write-offs.
- Use of retail maths in Wholesale/Retail negotiations
- Department Stores specificities : charges-backs concept
- Monitoring of Full-price stores versus discounted prices Stores (or Factory Outlet stores)

Consumer Culture and Research Courses

SEMIOTIC TOOLS & BRANDING

This course explains :

- the contribution of semiotics to consumer behaviour. Understanding postmodernism,
- Emotional and cultural aspects of consumer, consumption and Tribalism, social links and appropriation processes.
- Discussing consequences on Brand Management, especially in the Luxury Market.

Students will learn to apply methods of semiotics, a branch of anthropology devoted to the study of signs, to the analysis of brand communications across the marketing mix. Readings, lectures, and group activities will focus on semiotic principles such as advertising rhetoric, spatial architecture, and spectator/consumer engagement.

POSTMODERN CONSUMPTION & BRANDING

This course aims at generating a new and holistic understanding of consumer behavior and consumption culture in the new millennium. It seeks to overcome modernist paradigmatic assumptions, and enable a deeper understanding of various theoretical and practical viewpoints of current consumer behavior.

Amongst other topics in consumer research, new and emerging developments in postmodern branding and advertising strategies will be presented. We will discuss various forms of consumer relationships with brands, objects, and related activities. Extreme bonding, such as consumer devotion and fandom, will be discussed and delineated from older concepts, such as involvement, loyalty and commitment.

You will also get insights into brand communities in general and online brand communities in particular. A focus will be laid on their specific ways of interaction, discourse, patterns of behaviors, and other cultural elements. Related consumption phenomena as for instance the 'empowered and innovative consumer', consumer resistance, as well as emerging issues of transformative consumer research will be part of the program, too. Implications for luxury brand management will be discussed and elaborated.

MARKET RESEARCH AND LUXURY

The purpose of this course is to familiarize participants with:

- the purposes, value, and limitations of marketing research
- the design, administration, and limitations of survey research
- qualitative research, observational research, and experimentation in marketing
- the basics of sampling in survey research
- ethical concerns in marketing research

Students will be exposed to the fundamentals of the research process including:

- Why do you need market research?
- How to plan market research.
- How to get data.
- How to analyze data.
- How to present research results.

In addition to class lectures and discussion, students will conduct a consumer [project](#) to help them understand the important relationship between luxury consumption and culture.

The aim is to give students practice in performing an actual market research project by providing students with fluency in the language of marketing research, and showing them how to conduct qualitative and quantitative studies. A typical project would include the following tasks: formulate a research problem, design a questionnaire, select a sample frame, collect respondent data, keypunch respondent data, analyze respondent data with a personal computer, write a research report, and make a brief, in-class presentation.

Executives Conferences & Companies visits

LUXURY LEADERS IN THE CLASSROOM

The course will be instructed by top luxury professionals. The main objective is to expose students to practical aspects, trends and issues related to luxury management, presented by senior professionals of the industry.

Objectives

- To give students first-hand interaction with executives in their area of expertise.
- To expose students to leaders of the luxury industry and to provide a learning opportunity through our guests and their presentations.
- To illustrate the wide variety of career opportunities available in the luxury industry and related fields.

Speakers share their views about successful management styles, possible career paths, critical industry-related issues, and qualities conducive to successful business leadership. They are chosen for their knowledge, experience, and proven success in the luxury industry. As a student of this course, you will have an outstanding opportunity to learn and question how executives view the current and future status of the industry.

Field project

GLOBAL FIELD PROJECT

One of the major teaching objectives of ESSEC's MBA program is to give participants maximum exposure to real life situations within the industry.

They are required to carry out real consultancy projects for luxury and prestige companies under the **supervision of Essec Professors**.

The final **Global Field Project**, which includes several dimensions and functions within a luxury company (brand positioning, pricing, retailing, communication etc.), is monitored by an MBA Professor and by a Company executive.

Teams of 3 to 4 MBA participants spend two full months on this Project (may-July), with extensive work done during the preceding months (April). All information gathered is confidential, as stated in the MBA Code of Ethics, signed by all the participants.

A formal presentation of the final results is organized for the Company, along with a full report.

Companies Executives discuss the topics with the Academic director. The objective is to help future decision makers understand key issues and challenges in managing luxury brands, respect their specificity and develop a creative reflex when working on projects.