



# **Sample lecture „Luxury Management“**

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**University of Applied Sciences Fresenius Cologne**

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# Why studying Luxury Management?

**To learn the specific Management skills needed to start a career in the luxury and fashion industry**

By mastering the following Luxury specifics courses, you will thrive in a professional luxury and fashion environment:

- Luxury Business Mix
- Customer experience in Luxury and Fashion
- Strategic and Financial Management in the luxury industry
- Origins of Luxury in history, art and culture
- Strategic Marketing and Brand Management in Luxury/Fashion
- Distribution and Communication in a luxury setting
- Digital and Sustainable Transformation in Luxury and Fashion

# What is Luxury Management as an academic discipline?

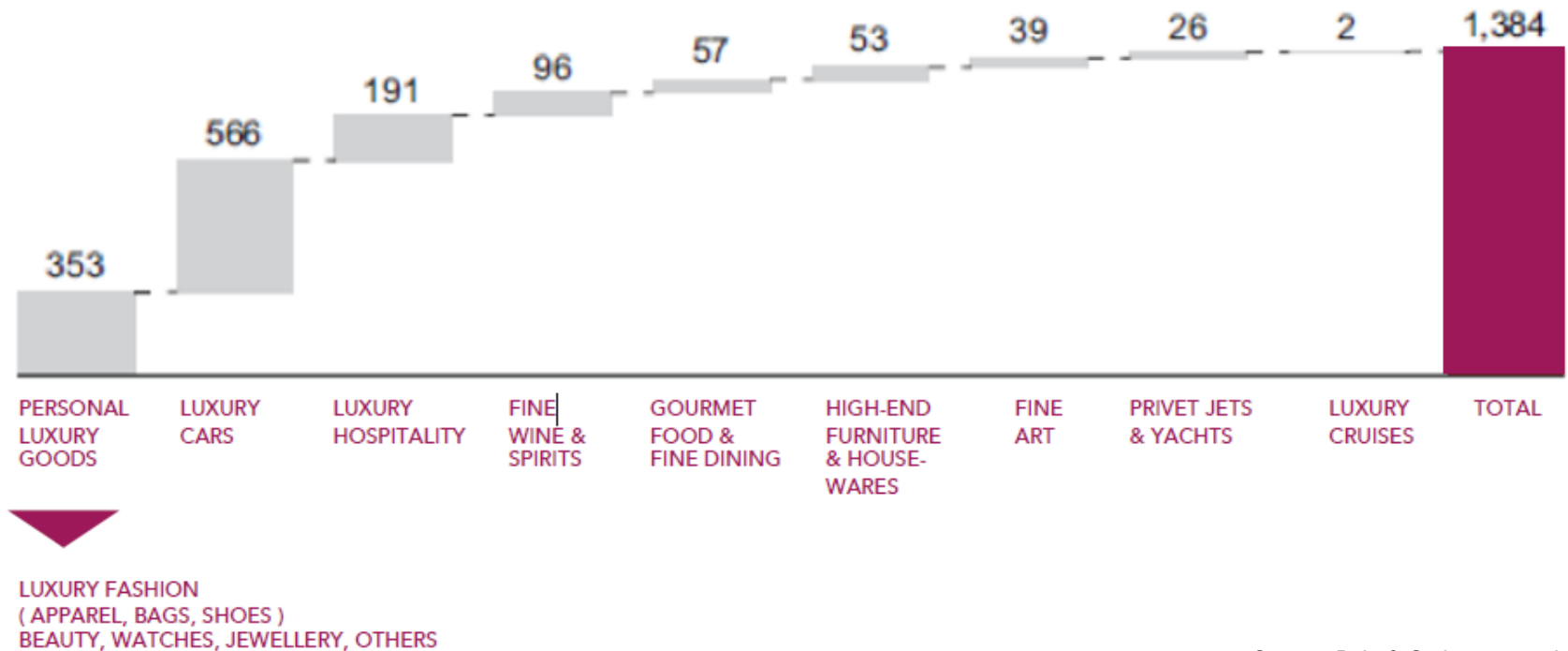
## Luxury as a concept



Source: Paternot (2021)

# What is Luxury Management as an academic discipline?

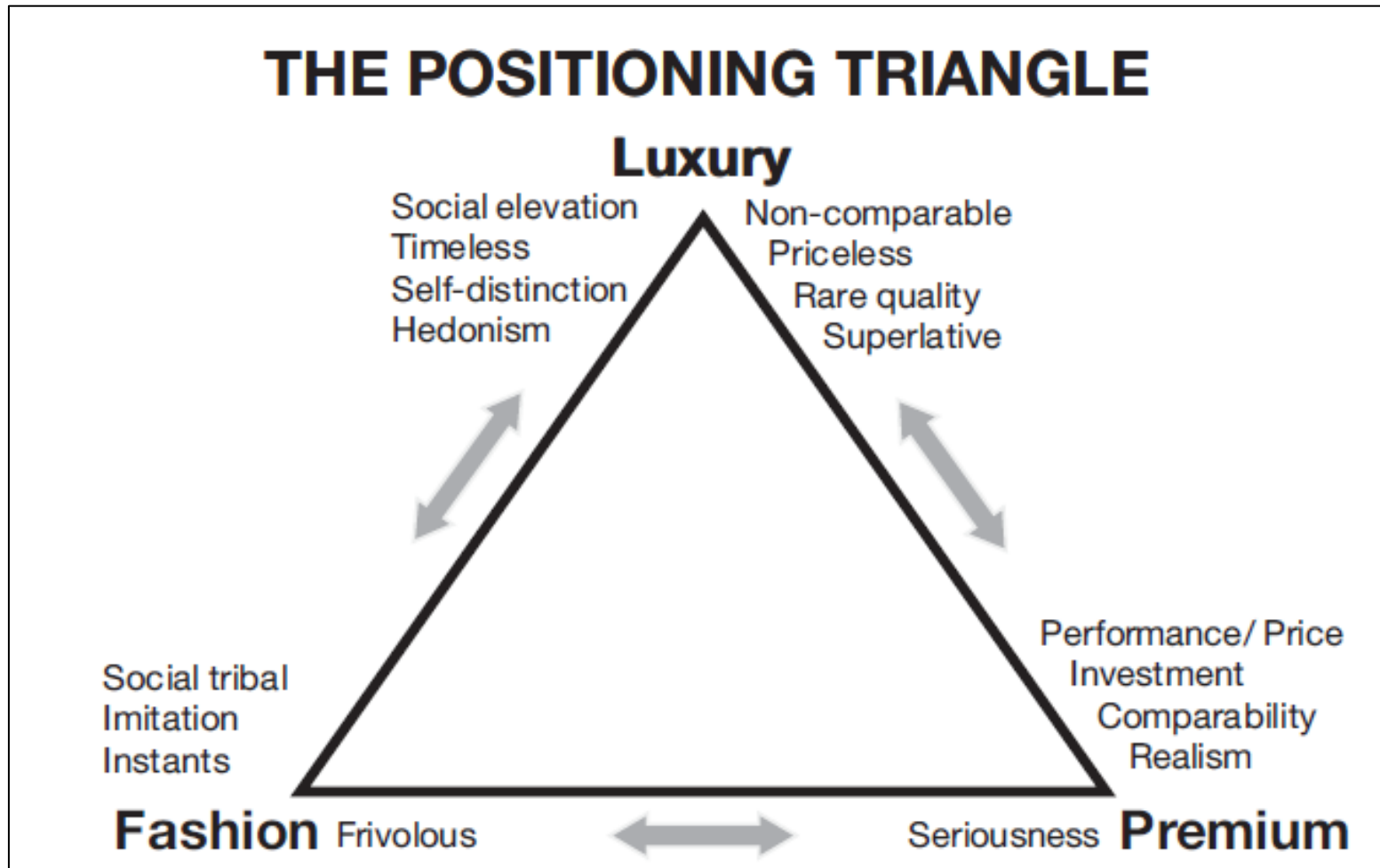
## Luxury as a business sector



Source: Bain & Co Luxury study (2024)

# What is Luxury Management as an academic discipline?

## Luxury as a business model



Source: Kapferer (2012)



# What's in the news?



# BRANDS FOLLOWING A TRUE LUXURY STRATEGY



# What do these 2 brands have in common ?





# Ferrari and Hermès follow a true luxury strategy



Automobile



Fashion and leather goods

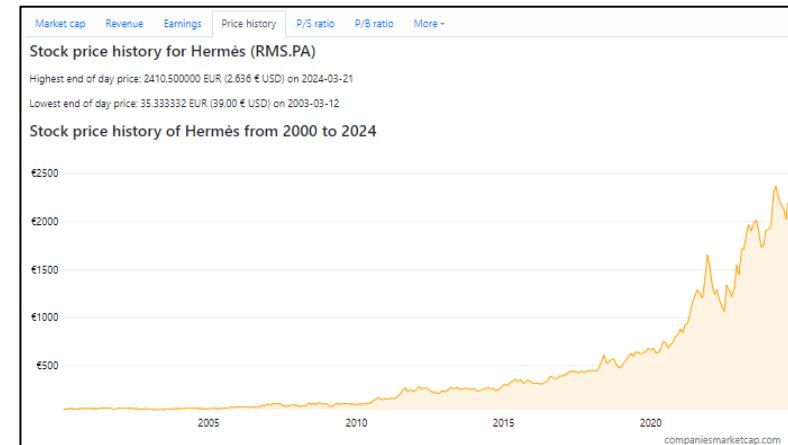
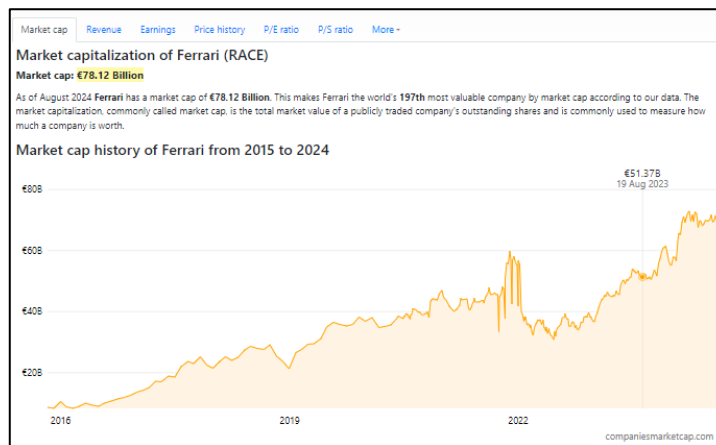
Sector

EBIT  
Margin  
(2023)

27%

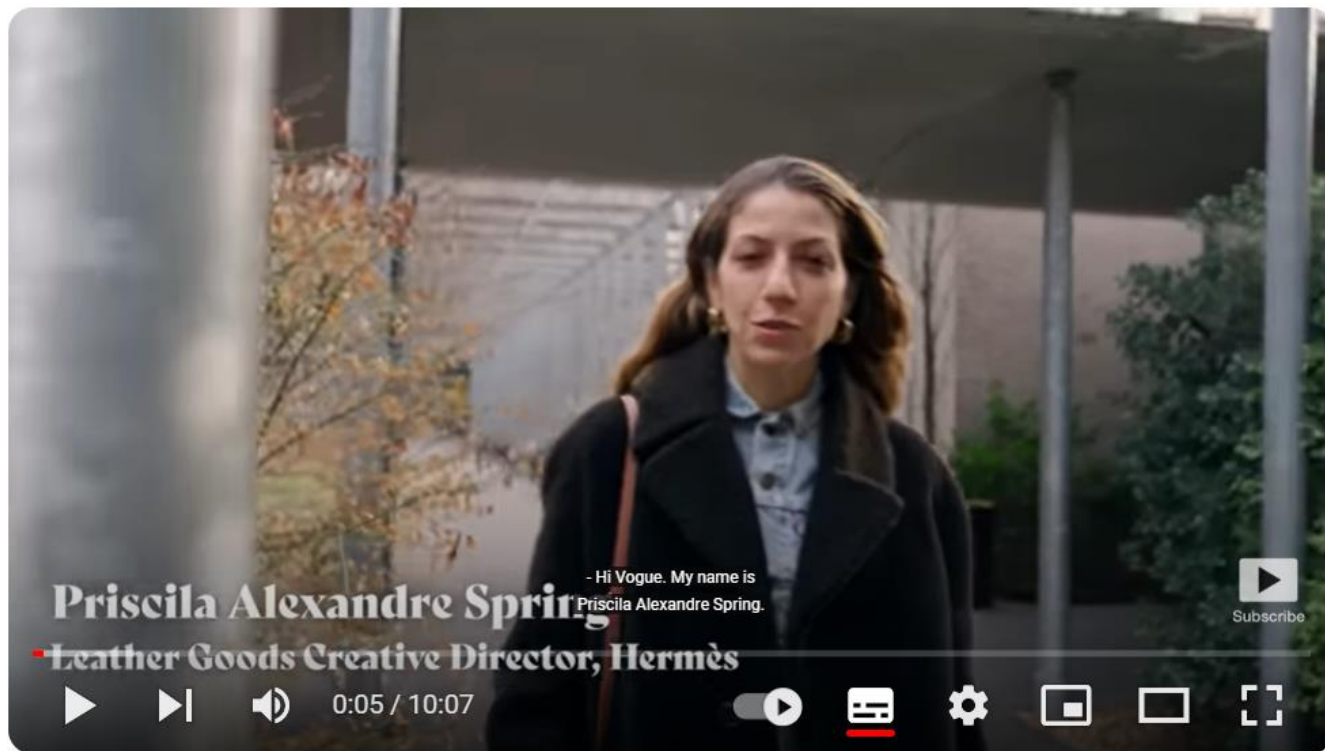
42%

Share  
price  
since  
2000



Source: [www.ferrari.com](http://www.ferrari.com) ; [www.Hermes.com](http://www.Hermes.com)

# Hermès craftsmanship



Source: [How Hermès Bags Are Made | Vogue \(youtube.com\)](https://www.youtube.com/watch?v=...)

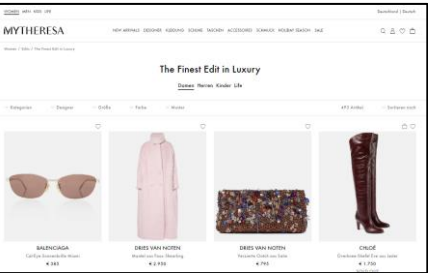
# DISTRIBUTION IN LUXURY



# Luxury Omnichannel Strategy

## CURRENT & COMMON OMNICHANNEL DISTRIBUTION LUXURY BRANDS

E-COM THIRD  
PARTY  
PLATFORMS  
(Multibrand)



E-COM OWN  
SHOPS



DOS



DEPARTMENT  
STORES  
(Multibrand)



E-COM THIRD  
PARTY 2nd HAND  
PLATFORMS



TRAVEL RETAIL  
OUTLET STORES



# ANTI-LAWS OF MARKETING IN LUXURY





1. Forget about “positioning”, worship brand identity
2. Be superlative, never comparative
3. Don’t pander to your customers’ wishes
4. Keep non-enthusiasts out
5. Don’t respond to rising demand
6. Dominate the client, don’t look for equality with your clients
7. Make it difficult for clients to buy
8. Resist clients’ demands
9. Protect clients from non-clients, the big from the small
10. The role of advertising is not to sell
11. Communicate to those whom you are not targeting
12. Luxury sets the price, price does not set luxury
13. Raise your prices as time goes on in order to increase demand
14. Keep raising the average price of the product range
15. Cultivate closeness to the art for initiates
16. Don’t relocate your factories

Source: Kapferer and Bastien (2012)

# IN-CLASS PRACTICAL EXERCISES



## Analysis Dior J'Adore advertising evolution over 25 years

Group work (2 students)

- 1) Which Facet(s) from the Model of Effects is/are used in Dior J'Adore commercials over time (1999-2024)?
- 2) Imagine you are the Global Brand Manager for Dior Fragrances, design a realistic PESO Media Model for the brand in this specific category for year 2024 based on the new "Rihanna" campaign.



*→ I will select 1 or 2 groups for each question, and we will debrief and start a common discussion within our cohort.*

# Business article

Business | A digital makeover

## Can Mytheresa make luxury e-commerce a success?

It reckons it can succeed where Richemont has failed



Time to deliver PHOTOGRAPH: COURTESY OF MYTHERESA

Source and copyright: The Economist (October 10<sup>th</sup> 2024)

## Individual work

- 1) Please define what is the current route to market (R2M) of mytheresa.com ? Could this company add some additional R2Ms in the future?
- 2) Why may mytheresa.com succeed, where the luxury giant Richemont has failed?
- 3) How may mytheresa.com increase its Sales from 3bn€ to 4bn€ in 5 years?

## PRADA: HAUTE COUTURE IN THE DIGITAL ERA

*Ning Su and Megan Singh wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.*

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Every day I'm thinking about change.<sup>1</sup>

Miuccia Prada

As the world entered the 2020s, Prada Group (Prada), headquartered in Milan, Italy, was a global leader in the fashion industry and operated as a designer, manufacturer, and distributor within the top tier of the luxury fashion industry.<sup>2</sup> The world of fashion had significantly changed over the past decades, and Prada had been successful in the digital age. Prada considered the importance of staying relevant to customers of luxury brands, who sought status and exclusivity, by leveraging digital strategies.<sup>3</sup> Facing the ever-changing technology landscape in the global market, the company would have to design its future digital strategy.

Prada's strategy would need to reflect the legacy of the company. The company potentially faced the challenge of finding a balance between displaying the sophistication and excellence it was known for and taking a risk to try something new, in an effort to stay relevant and cutting-edge. Prada could explore a digital strategy to connect with customers, while also synergistically complementing its innovative and experimental style.

### THE ORIGIN OF PRADA

In 1913, the House of Prada first opened as a leather goods store in Milan, selling products such as travel accessories, trunks, and steamers.<sup>4</sup> Prada eventually distinguished itself as an elegant shopping location for prestigious European customers.<sup>5</sup> Its reputation was further solidified in 1919, when it was awarded the honoured title of Official Supplier of the Italian Royal House.<sup>6</sup> This also inspired Prada's iconic triangle logo showcasing the House of Savoy coat of arms.<sup>7</sup>

Prada's founder, Mario Prada, was convinced that women should not enter the workforce, as did many of his peers at the time. However, his sons had no interest in the family business, which made his daughter Luisa Prada the logical successor. Luisa ran the business for about 20 years. Prada was still growing and becoming an established brand in the industry when Luisa's daughter, Miuccia Prada, took over control of the company.<sup>8</sup>

## Individual work

- 1) How does each option presented align with Prada's strategy, brand image, values and priorities?
- 2) Which option, or combination of options, would you recommend for Prada? Use the Strategic Alignment Model to justify your recommendation.





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