

PGDM & PGDM (IB), 2019-21
Luxury Marketing
DM-433 / IB-435
Trimester – IV, End-Term Examination: September 2020

Time allowed: 2 Hrs 30 Min
Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	Minimum 3 question with internal choices and CILO (Course Intended Learning Outcome) covered Or Maximum 6 questions with internal choices and CILO covered (as an example)	3*10 Or 6*5	30
B	Compulsory Case Study with minimum of 2 questions	20	20
			50

Section A

Q1. What do you understand by the term 'luxury'? What are the key factors that differentiate it from the mass brands? (CILO 1)

Or

Q1. What is the key basis of segmentation in luxury market? Describe its importance. (CILO 1)

Q2. What role does the acquisitions play in the growth of luxury conglomerates like LVMH and Kering? Substantiate with examples. (CILO 2)

Or

Q2. Do you think country of origin plays an important role in luxury industry? Substantiate with examples. (CILO 2)

Q3. What do you understand by loud logo strategy? How important it is in Indian market context? Substantiate with examples. (CILO 3)

Or

Q3. What has been the impact of COVID-19 on luxury industry? Explain its implications on marketers. (CILO 3)

Section B

Case Study

How are luxury retailers taking on sustainability?

Luxury brands are purchased for long-term use, but there's still a long way to go until they're run as sustainable businesses

We all know the scary statistic: fashion is the second most polluting industry in the world after oil. As we become more knowledgeable about how it came to this, it's easy to point the finger at fast-fashion for the damage caused to our planet.

Luxury brands have an advantage over fast-fashion companies - their products are purchased for longevity, rather than being temporary and disposable like their inexpensive counterparts.

According to Selfridges, more than 60 per cent of its customers want to shop sustainably and 90 per cent want to buy less, but better - while the social and environmental impact of a purchase was found to be important for 84 per cent.

Change is coming

Last year, 32 companies - spanning fast-fashion and luxury fashion brands - signed the fashion pact, including household names such as Chanel, Ralph Lauren and Prada, as well as the H&M Group and Zara. The pledge promised to combat greenhouse gasses and emphasize sustainability in the industry.

It represented a key step in how the fashion industry plans to help play its part in saving the planet. Without this action, the industry could account for a quarter of the world's carbon budget by 2050.

"The fashion pact was a historic moment, marking a real coming together to acknowledge our collective role in tackling the environmental crisis our planet faces and the power of a collaborative approach," explains Daniella Vega, Selfridges director of sustainability and one of the agreement's many signatories.

"It's all about leading the way as a business, as well as showing customers how to make more sustainable choices, and we back that up with action. Signing a pact is one thing – taking meaningful steps to deliver on these commitments is another."

How shoppers are behaving

Essentially, it seems that shoppers are shifting away from buying frivolously towards investing wisely - quantity is out and quality is in. "We have seen our customers moving away from the easy 'Insta-ready' entry level items to investment purchases, most notably in forever bags from brands like Gucci, Bottega Veneta and Saint Laurent." Christie continues. "These styles are proving almost impossible to hold in stock."

"There has also been a general shift from the easy-purchase logo tee or hoodie to pieces that are manufactured to last, which means our average basket values are actually going up."

Investing in key pieces isn't the only way consumers can go greener. Second-hand fashion is set to surge in the coming years, which could overtake the fast-fashion market by 2029.

Many luxury retailers are embracing second-hand initiatives. Farfetch announced its collaboration with Thrift+ this year, an on-demand donation service for pre-owned clothes. Shoppers can order a Thrift+ x Farfetch donation bag and proceeds go to charity and back to the customer as Farfetch credit.

The rise of circular fashion

This feeds into one of the main themes of sustainability - circular fashion, an economic system aimed at minimizing waste and making the most of resources. It challenges fashion's linear production line that ends with clothes being discarded in landfill. "The future of fashion is circular. It has to be," Stella McCartney, sustainability pioneer, previously told us. "Right now, the equivalent of one dump truck of textiles gets landfilled or burned every second, and by 2025 the clothing waste accumulated between now and then will weigh as much as today's world population. We can't ignore it."

As the focus on moving towards a circular economy grows, vintage has grown in popularity. Matches Fashion capitalized on this via a partnership with second-hand favourite, William Vintage. "We chose to partner with William Vintage as one of the most globally renowned and trusted purveyors of vintage fashion and the collection has sold incredibly well," Christie told us. "It offers something unique to our customer – one-off pieces that no one else will have which is something our customer looks for."

While there's still a huge way to go, many are pledging for change. Selfridges plans to reduce carbon emissions by 15 per cent next year, Browns promises a more transparent production line and Matches Fashion has rethought its packaging to reduce its carbon footprint.

These are significant plans which all point to sustainability being the new normal, not a trend. Here's hoping it's a sign of things to come as we enter a new decade.

(Source: <https://www.harpersbazaar.com/uk/fashion/fashion-news/a29386990/luxury-retailers-sustainability/>)

Q1. What is circular economy? How can consumers contribute towards circular economy?
(CILO1)

Q2. What steps luxury companies should take to make their brands more sustainable?
(CILO1, CILO2, CILO3)