

**Programme, 2021-23**  
**Luxury Marketing**  
**DM-435/IB-434**  
**Trimester – IV, End-Term Examination: September 2022**

Time allowed: 2 Hrs  
Max Marks: 40

Roll No: \_\_\_\_\_

**Instruction:** Students are required to write Roll No on cover page of the Answer Sheet. All other instructions on the question paper / admit card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	Minimum 4 question with internal choices and CO (Course Intended Learning Outcome) covered in the question paper	4*5	20
B	Compulsory Case Study	2*10	20
			<b>40</b>

**Section A**

Q1. What do you understand by the term luxury? Explain how the meaning of luxury has evolved over the years? (CO 1)

Or

Q1. What do you understand by the term 'Democratization of Luxury'? Also, discuss it in context of Indian luxury market. (CO 1)

Q2. How does a high-end luxury brand in any business grow without losing its exclusivity? (CO 2)

Or

Q2. Should luxury brands follow standardized branding approach or should this approach be changed considering the unique consumer preferences in Asia? Explain. (CO 2)

Q3 Explain the different ways of brands extension in luxury market? Provide reasons why you believe the above-described brand extensions are likely to succeed or fail. (CO 4)

Or

Q3. With your knowledge of luxury retail in developed markets versus emerging markets, explain how there are both similarities and differences between the two luxury markets. (CO 4)

Q4. What are the challenges faced by the Indian luxury market? What strategies should global luxury players adopt to enter and expand in the Indian market? (CO 3)

Or

Q4. Explain any 5 anti-laws of luxury marketing? (CO 3)

## **Section B**

### **Case Study**

#### **Sustainability: New norm for Luxury Industry**

The word 'sustainability' is permeating every industry in the world. Rising concerns about environmental degradation and climate change has forced individuals as well as corporations to embed sustainability as an integral element in their day to day lives. In context of luxury, sustainability is all about conserving the art, culture, traditions and 'savoir faire'; taking care of people and planet. Although, luxury and sustainability have been long considered as antithetical to each other. The unique characteristics of luxury like rarity, timelessness, heritage, restricted supply, hand-crafted, superior quality, localize production and high prices, links it closely to sustainability.

Lately, there has been increased pressure on luxury companies to adhere to sustainability from not only government, media, NGO's but also from the growing number of ethical luxury buyers. Today, global luxury consumers, especially millennials expect companies to act responsibly. As per 2010 Havas Media sustainable consumption research conducted with 20,000 consumers in ten countries, 86% of buyers examined sustainability aspects while making purchase decisions. It was also found that 80% of consumers under the age of 35 wanted to go for sustainable option.

In past few years, sustainability value has derived importance in buyers' purchase decision. Luxury buyers want the brands they use to reflect their concerns and aspirations for a better world. There has been a transformation from 'conspicuous' to 'considered' consumption, from 'what you wear' to 'who you are', within conscious luxury consumers, leading to rising consumer demands for product traceability, supply chain standards, product authenticity and quality. They want luxury brands to focus on moral issues related to luxury products and have convincing answers to questions of environmental and social responsibility.

Sustainable consumption act as stimuli among luxury buyers who want to feel good and not guilty, when they are purchasing a certain luxury brand. Luxury warrants a psychological

cost categorized as 'guilty pleasures' which might lead to negative emotions after the purchase. Therefore, growing number of consumers are buying sustainable luxury products to experience 'guilt-free' enjoyment. Millennial aspire to rationalize their luxury buying by contributing to social 'well-being'.

Luxury, for decades has been used to depict social-self. Traditionally, the desire of 'buying to impress others' was considered as the key motivation behind the purchase of luxury brands. Today, sustainable consumption has evolved as a new form of 'conspicuous consumption'. Consumers are now spending money on 'green to be seen'. Their lifestyle and purchases include everything from organic food to bio-dynamic wine to eco-friendly apparel and zero-emission electric vehicles. They are willing to pay premium for sustainable luxury products to display their success and economic accomplishment to the society. With sustainability becoming a new norm, 'social' individuals feel secure while buying luxury products labeled as: 'organic', 'sustainable' and 'ethical'.

It is a known fact that luxury industry is lagging behind other industries in creating and fostering sustainability. However, few luxury brands like Tiffany, Gucci and Stella McCartney have set examples for others. Tiffany is among the first few companies to restrict the use of coral in jewelry. From sourcing to production, it makes sincere efforts to act 'responsibly'. It has created fair wage practices for workers and has custom-built, LEED- certified factory. It has also set its target to reduce greenhouse gas emissions to net-zero by 2050. Similarly, Gucci, in its effort towards sustainable development, has recently launched Gucci Equilibrium, an online platform designed to connect people, planet and purpose. In October 2017, it made announcement that no fur will be used in any of its collections. It is also working towards creation of new natural materials. Another example is Stella McCartney who is known for eschewing leather, fur and feathers in her collection. She has created an alternative to leather made from mycelium- the root structure of mushroom. Most of her collections are made up of sustainable materials.

As we look forward, it is evident that there is a considerable risk to luxury brands that are resistant to invest in people and planet. Therefore, luxury companies should work on redefining their business models to make it more ethical. Embracing sustainability will provide them with opportunity to enhance their brand image and reputation and possibly create additional value and gain competitive advantage over the other brands.

Q1. What is meant by the term 'Responsible' or 'Sustainable', particularly from the perspective of the luxury industry? Is sustainability a cost for luxury industry? (CO1)

Q2. Although various luxury brands are addressing environmental and human right concerns, what initiatives they can further take to promote sustainability? (CO2, CO3, CO4)