

Syllabus

GIM Luxury Markets - China and Japan

Winter 2015-B – Spring 2015-A

Wednesday 6:30 to 9:30 pm

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GIM Objectives

The objective of the GIM program is to help you gain an understanding of the economic, political, social, and culture characteristics of a country or region outside the United States. This includes learning about key business trends, industries, and sectors. The core of GIM is an independent business research project carried out here and in-country, which will help you further develop your teamwork and leadership skills.

Course Objectives

For years Asia has been the driver of global growth for luxury goods companies. In this course we will explore the similarities and differences that have made Japan and China the second- and third-largest national markets for luxury products after the United States. We also will become familiar with the general economic, political, social, and cultural characteristics of business in these two countries.

Topic Description

Japan is a highly collective and economically egalitarian society that regards conspicuous consumption as an enemy to group harmony. Those factors may make it seem like an unlikely market for luxury goods, but for decades it has trailed only the United States in luxury sales. In 2014 Japan is still struggling to reverse two decades of economic stagnation. It has made significant steps toward economic recovery following the devastating earthquake, tsunami, and nuclear incident of March 2011, but its large government debt, persistent deflation, and an aging and shrinking population remain major challenges for the economy in general and luxury goods in particular.

China has gone through a remarkable period of economic growth during which it has transitioned from a centrally-planned economy to a largely market-based economy that is the second largest in the world. This growth has brought more than 500 million people out of poverty and created a vibrant market for luxury goods, but nearly one billion people still live below the poverty line. This economic inequality poses challenges to the future growth of the luxury market, as do recent government anti-corruption efforts and the country's rapidly aging population.

Attendance

Due to the nature of the GIM program, attendance for all classes—including the first class—is mandatory, as is participation in the two-week field trip. If you miss more than one class during the term, I will reduce your grade by one full letter grade. If you believe your circumstances warrant an exception, please see me.

Advisor

Carla Edelston, who is Senior Associate Director in Kellogg's CMC, will be your in-country advisor. She is responsible for the integrity and quality of the in-country experience. Among other logistical tasks before and during the trip, she will assess your level of participation during the plenary meetings and will be assigning 15% of your overall grade.

Kellogg Honor Code

The students of the Kellogg School of Management regard honesty and integrity as qualities essential to the practice and profession of management. The purpose of the Kellogg Honor Code is to promote these qualities so that each student can fully develop his or her individual potential. Upon admission, each student makes an agreement with his or her fellow students to abide by the Kellogg Honor Code. Students who violate the Kellogg Honor Code violate this agreement and must accept the sanction(s) imposed by the Kellogg community.

The Kellogg Honor Code is administered by students and is based on the concept of self-government. The efficacy of such a student-administered honor code is dependent upon a high degree of dedication to the ideals of honesty, integrity and equal opportunity reflected by the code. The Kellogg Honor Code requires that each student act with integrity in all Kellogg activities and that each student hold his or her peers to the same standard. In agreeing to abide by the code, the Kellogg students also agree to report suspected violations. By not tolerating lapses in honesty and integrity, the Kellogg community affirms the importance of these values.

Course Materials

You need to purchase the course pack for this course. Additional materials will be made available via Canvas.

Research Project

The core of this class is a research project. You will form a group of 4 to 6 students and select a business, economic, or management topic related to luxury products or markets in Japan and China. You will perform secondary research and incorporate perspectives from the class readings and speakers; during the trip you will spend considerable time gathering local data and testing your hypotheses and recommendations for inclusion in your report.

Note: You must conduct interviews for your project in both Tokyo and Shanghai.

Topics

Your team will develop its own topic, which needs to be reviewed with me. Good research projects start with clear and relatively narrow topics, such as “Mobile Gaming as Response to Industry Dynamics in China and Japan,” or “Expansion of Multinational Food & Beverage Companies into China.” Weak projects often have unfocused topics, such as “An Overview of the Japanese Beverage Industry,” or “Challenges and Opportunities in Chinese Real Estate.” Your topic should have some connection with the topic of luxury goods and markets.

Report Format

Results of your research will be presented in a 20-25 page written report. In consultation with me, may choose any of the following report formats:

- **Traditional analytical research paper** – A research question is described, competing answers to the question are discussed, and evidence collected on the trip is used to argue for or against the alternative answers.
- **Industry analysis** – A particular industry is surveyed in order to examine a narrowly focused, well-defined topic pertaining to the competitive dynamics of the industry. An example would be an analysis of a market entry opportunity presented to a foreign multinational.
- **Business recommendation report** – A consulting report recommending specific strategic, operational and organizational actions to solving a clearly defined business issue, e.g., strategies for overcoming cold-chain logistics and distribution challenges in India.
- **Case study** – A case for possible classroom use developed with a clear underlying business question in mind. Teams pursuing this option should work with me before and after the trip to ensure a high quality product that could be used in future classes.

Deliverables

Your project has six deliverables:

1. **Topic Proposal** –A two-page description of your proposed topic, including:
 - a. Research question(s) about Japan and China luxury goods and markets
 - b. Description of the topic's significance
 - c. Preliminary identification of possible in-country visits with companies, governmental agencies, NGOs, etc.Note: this is not graded, but it needs to be reviewed with me.
2. **Background Research** – A review and synthesis of secondary information relevant to your topic. This will serve as a first draft of the background sections of your report.
3. **In-Country Research Plan** – A detailed plan for five or more investigative research meetings to be held during the trip. You will turn in a written report and briefly present your plan in class. The best plans will include day/time/location of meeting; name/description of organization; name/title/bio of interviewee; agenda and interview guide for each meeting. You must have at least one meeting in Tokyo and one in Shanghai.
4. **In-Class Presentation** – A presentation in class summarizing your research findings. You will have 15 minutes to present and 5 minutes for audience questions and suggestions.
5. **Written Paper** – The final paper. In addition to turning in your paper to me, please email a copy to the Global Programs Office on the agreed-upon date.
6. **Peer Evaluation** – You will assess the contribution of each member of your group (including yourself) using a confidential peer review form. The assessment measures intellectual contribution, initiative and organization, workload contribution, and overall contribution.

Due Dates

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| • Topic proposal | February 18 | (Week 2) |
| • Background research | March 4 | (Week 4) |
| • In-country research plan | March 11 | (Week 5) |
| • In-class presentation | April 29 | (Week 10) |
| • Written report | April 29 | (Week 10) |
| • Peer evaluation | April 29 | (Week 10) |

Assessment

Research Project	70%
Background Research	10%
In-Country Research Plan	10%
In-Class Presentation	10%
Written Report	25%
Peer Evaluation	15%
Participation	30%
In-Class Participation	15%
In-Country Participation (determined by advisor)	15%

Course Schedule and Assignments

Week 1	February 11
<i>Topics</i>	Defining Luxury Cultural basics
<i>Speaker</i>	TBA
<i>Reading and preparation</i>	<ul style="list-style-type: none"> Basics of luxury Navigating the Cultural Minefield (HBR) Wa, Guanxi and Inhwa: Managerial Principles in Japan, China, and Korea
<i>Assignments due</i>	<ul style="list-style-type: none"> Print and submit cultural profile assessment at http://hbr.org/web/assessment/2014/08/whats-your-cultural-profile

Week 2	February 18
<i>Topics</i>	Chinese history and background Japanese history and background
<i>Speaker</i>	TBA
<i>Reading and preparation</i>	<ul style="list-style-type: none"> China, A Concise Profile Japan, A Concise Profile Japan: The Miracle Years (Case)
<i>Assignments due</i>	Topic Proposal – discuss with me prior to class

Week 3	February 25
<i>Topics</i>	Chinese consumer behavior Chinese luxury consumers and markets
<i>Speaker</i>	TBA
<i>Reading and preparation</i>	<ul style="list-style-type: none"> Making China Beautiful: Shiseido and the China Market (Case)
<i>Assignments due</i>	

Week 4	March 4
<i>Topics</i>	Japanese consumer behavior Japanese luxury consumers and markets
<i>Speaker</i>	TBA
<i>Reading and preparation</i>	<ul style="list-style-type: none"> The new Japanese consumer Louis Vuitton in Japan (Case)
<i>Assignments due</i>	Background Research

Week 5	March 11
<i>Topics</i>	Current issues in Japan and China Trip preparation Presentations of in-country research plans
<i>Speaker</i>	TBA
<i>Reading and preparation</i>	<ul style="list-style-type: none"> Can Dating Apps Solve Japan's Sex Crisis? In Japan, a Caste of Part-timers Rebels The Graying of Japan: Tough Choices on the Population Dilemma What China Wants Baby Boom or Economy Bust
<i>Assignments due</i>	In-Country Research Plan

March 16 –28 In-Country Field Research

Remember that GIM is an academic program, not merely a trip. Fifteen percent of your overall grade will be based on your participation in the in-country plenary meetings and other activities as assessed by the advisor. In order to achieve a high grade, you will need to not only attend all in-country plenary meetings, but also be actively engaged during all other in-country activities.

Week 6	April 1
<i>Topics</i>	Retailing and Distribution in China Retailing and Distribution in Japan
<i>Speaker</i>	TBA
<i>Reading and preparation</i>	Marks and Spencer in China (Case) Takashimaya in Transition (Case)
<i>Assignments due</i>	

Week 7	April 8
<i>Topics</i>	Advertising and communications
<i>Speaker</i>	TBA
<i>Reading and preparation</i>	L'Oreal in China (Case)
<i>Assignments due</i>	

Week 8	April 15
<i>Topics</i>	Intellectual property
<i>Speaker</i>	TBA
<i>Reading and preparation</i>	Disney in China (Case)
<i>Assignments due</i>	All teams meet with me to discuss final presentations and reports

Week 9	April 22
<i>Topics</i>	Globalization and language Chinese management
<i>Speaker</i>	TBA
<i>Reading and preparation</i>	Language and Globalization: "Englishnization" at Rakuten (Case) A Chinese Approach to Management
<i>Assignments due</i>	

Week 10	April 29
<i>Topics</i>	Final presentations and wrap-up
<i>Assignments due</i>	Written report and peer evaluations