

Syllabus

Retail and Luxury Goods in Japan and China

Winter 2016

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

You will learn why China has been the driver of global growth for luxury goods companies in recent years, and why its retail landscape has developed in unique ways. You will also gain insights into the unique facets of retail and luxury markets in Japan, which are large and mature. We will explore the similarities and differences of these two markets and become familiar with their economic, political, social, and cultural environments.

Country Descriptions

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 2015 Japan is still struggling to reverse two decades of economic stagnation. It has made significant steps toward economic recovery following and 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

Ann Kolb from Kellogg's Executive Education department will be your in-country advisor. Her primary responsibility is designing the in-country experience and assuring its integrity and quality during the trip.

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.

Assessment

Research Project	70%
Background Research	10%
In-Country Research Plan	10%
In-Class Presentation	10%
Written Report	25%
Peer Evaluation	15%
Participation	30%
Class Contribution	15%
In-Country Contribution	15%

Research Project

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

Note: You must conduct at least interview for your project in each of Tokyo and Shanghai.

Topics

Your team will develop its own topic, which needs to be reviewed with me. Your topic should have some connection with the topic of luxury goods and markets. Good research projects start with clear and relatively narrow topics, such as “Mobile e-commerce and Luxury Products in China and Japan,” or “Expansion of Luxury Automobile Companies into China.” Weak projects often have unfocused topics, such as “An Overview of the Japanese Luxury Market,” or “Challenges and Opportunities in Chinese Luxury Beauty Products.”

Report Format

Results of your research will be presented in a written report at least 15 pages long. 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 in background research and 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 luxury brand not currently active in Japan.
- **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 physical and online distribution challenges in China.
- **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. One of the cases written in this class in 2014 won a national award for “Best Student-Authored Case” from the North American Case Research Association and will be published as a Kellogg case.

Course Schedule and Assignments

Week 1	January 6
<i>Topics</i>	Introduction to the course Overview of luxury, retail, and culture
<i>Reading and preparation</i>	<ol style="list-style-type: none"> 1. The Cult of the Luxury Brand 2. Exclusively for Everybody 3. Navigating the Cultural Minefield
<i>Assignments due</i>	<ol style="list-style-type: none"> 1. Submit cultural profile assessment at http://hbr.org/web/assessment/2014/08/whats-your-cultural-profile 2. Answer preparation questions

Week 2	January 13
<i>Topics</i>	Japan history and market
<i>Speaker</i>	TBC
<i>Reading and preparation</i>	<ol style="list-style-type: none"> 1. Japan, A Concise Profile 2. Rise and Fall of the Japanese Luxury Market 3. Louis Vuitton in Japan (Case)
<i>Assignments due</i>	<ol style="list-style-type: none"> 1. Answer preparation questions

Week 3	January 20
<i>Topics</i>	China history and market
<i>Speakers</i>	TBC
<i>Reading and preparation</i>	<ol style="list-style-type: none"> 1. China, A Concise Profile 2. Myths and Lessons of Modern Chinese History 3. L'Oreal in China (Case)
<i>Assignments due</i>	<ol style="list-style-type: none"> 1. Answer preparation questions

Week 4	January 27 – NO CLASS
<i>Assignment due</i>	<ol style="list-style-type: none"> 1. Group meeting with me to discuss project proposal by January 27

Week 5	February 3
<i>Topics</i>	Retailing
<i>Speaker</i>	TBC
<i>Reading and preparation</i>	<ol style="list-style-type: none"> 1. Marks and Spencer Enters China (Case) 2. Fast Retailing Group (Case)
<i>Assignments due</i>	<ol style="list-style-type: none"> 1. Preparation questions

Week 6	February 10
<i>Topics</i>	Luxury and retail issues
<i>Speaker</i>	TBC
<i>Reading and preparation</i>	<ol style="list-style-type: none"> 1. Protecting Intellectual Property in China 2. Starbucks in Japan (Case)
<i>Assignments due</i>	<ol style="list-style-type: none"> 1. Background research 2. Preparation questions

Week 7	February 17
<i>Topics</i>	Impact of digital
<i>Speaker</i>	TBC
<i>Reading and preparation</i>	<ol style="list-style-type: none"> 1. Baidu, Alibaba, and Tencent: The Three Kingdoms of the Chinese Internet 2. The Alibaba Group and Online to Offline (O2O) Sales (Case)
<i>Assignments due</i>	<ol style="list-style-type: none"> 1. Preparation questions

Week 8	February 24 – NO CLASS
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Week 9	March 2
<i>Topics</i>	Japanese and Chinese management Globalization and language
<i>Speaker</i>	TBC
<i>Reading and preparation</i>	<ol style="list-style-type: none"> 1. A Chinese Approach to Management 2. The Art and Practice of Japanese Management 3. Language and Globalization: “Englishnization” at Rakuten (Case)
<i>Assignments due</i>	<ol style="list-style-type: none"> 1. Preparation questions

Week 10	March 9
<i>Topics</i>	Trip preparation In-country research plans
<i>Assignments due</i>	<ol style="list-style-type: none"> 1. Written in-country research plan 2. Oral presentation of in-country research plan 3. Slides for oral presentation

March 16 –24 In-Country Field Research

15% of your overall grade will be based on your contribution during the in-country experience. In order to achieve a high grade, you will need to not only attend and participate in all in-country plenary meetings, but also be actively engaged during all other in-country activities.

Final class	April 6 9:00 am to noon
<i>Topics</i>	Final presentations
<i>Assignments due</i>	<ol style="list-style-type: none"> 1. Written report 2. Oral presentation 3. Slides for oral presentation 4. Peer evaluations