

Post-MBA Careers in Luxury: Courting a New Generation of Shoppers

By Emily Cataneo on Jul 13, 2015

MBA students who study luxury are developing strategies for the next generation of social media-savvy consumers

The brands—Hermès, L'Oreal, Louis Vuitton—existed before the Titanic sank, before the radio was invented, in an old Europe of telegrams, absinthe and gilded train cars.

But some MBA students who study luxury brand management are currently figuring out how to market these brands to the generation of Twitter, Instagram and Facebook.

“The luxury industry lives on heritage, on the same company for 100 years,” says Kitty Maisonrouge, who teaches luxury strategy, marketing and design at Columbia Business School. “But how do they attract new customers that act differently than the previous generation? How do you create products and experiences that resonate? We know we have baby boomers who spend a lot, but at some point they will start spending less. Now we need to start developing the next generation of our best buyers and shoppers.”

Maisonrouge says the new generation of shoppers values status, sustainability, comfort, and above all social media, and that students at her program learn how to court those generational values.

Luxury brand management is a popular topic at business schools in the traditional epicenters of upper-class shopping. Columbia, which offers an MBA concentration in retail and luxury goods, is just a train ride away from the designers and fashion shops that dot New York City's 5th and Madison Avenues.

Across the Atlantic, London Business School offers an MBA concentration in luxury management in another of the world's luxury centers. In mainland Europe, ESSEC Business School, HEC Paris, Bologna Business School and SDA Bocconi School of Management in Milan teach luxury business programs in the traditional high-end meccas of France and Italy.

Graduates from these schools go on to work at Gucci, Louis Vuitton Moët Hennessy (LVMH), Chalhoub Group in the Middle East, L'Oreal and Hermès.



Learning to sell to luxury consumers

Often, in the process of courting a new generation of shoppers, luxury brand managers must figure out how to translate the act of luxury shopping into the act of luxury shopping online.

“A lot of luxury companies didn’t enter the online market until later than other retailers,” says Fiona Stubbs, Senior Sector Manager for Consumer and Retail in Career Services at London Business School. “Now they are trying to ensure that the customer has this seamless journey from browsing online to in the store.”

But luxury brands are not only courting younger customers; they are also courting customers with recently acquired wealth. Simon Nyeck, director of the MBA in International Luxury Brand Management at ESSEC Business School, says luxury brands must figure out how to appeal to consumers who have been loyal for generations, as well as the so-called new money that has just discovered luxury.

“As you probably understand, these two groups of consumers usually don’t like each other,” Nyeck says. “How do you manage that? You sell to both of them. You keep doing business with both of them.

Newcomers go with logos, while experts go with something more discreet.”

To train a generation of managers equipped to court these disparate groups, MBA programs teach students the ins and outs of luxury branding through a heavily practical curriculum. Students at these schools often work on projects for famous companies, such as the students at Columbia Business School who worked with Cadillac on a line of cars targeted at young American women, or the program at London Business School, run in conjunction with UK luxury group Walpole, that allows students to attend lectures by representatives from Harrods and Alexander McQueen.

Other MBA programs in luxury have a dedicated internship requirement, through which students can get up to several months of experience in a luxury firm. Students in SDA Bocconi’s MBA track in Luxury Business Management, for instance, do a summer project with LVMH or another luxury firm between the months of July and September.

Beyond the practical experiences, these MBAs also teach the basics of business, marketing and economics, because at the end of the day luxury brands are products like any other.

“We talk about retail, because what most people don’t understand is that luxury brands are really about retail,” Nyeck says. “If you look at a brand like Vuitton, what do they do on a daily basis? They sell bags.”

But luxury MBA programs also delve into another essential component of luxury brand management: the psychological side.

“Why buy champagne for 200 euros rather than 30 euros?” Nyeck says. “We start digging deep into managing luxury brands from a psychology point of view.”

One student who launched a career in luxury brand management is Ginny Wright, who attended ESSEC's program in 2006 and 2007. Wright was working as vice president of a global public relations agency when she decided to pursue her dream of working with products that are synonymous with fashion and beauty. She says the program taught her the fundamental basics of business, but also the more nuanced psychology associated with luxury brands.

“Why are people driven to pay for things that they may not need, but definitely appreciate?” Wright says.

Since she graduated, Wright has worked as director of marketing at L'Oreal and vice president of national accounts at Sephora, and is now leading a new company, Butterfly Beauty, which will market and distribute luxury beauty brands globally.

“I am now doing the ultimate luxury entrepreneur role, and the fundamental building blocks all came out of my education,” Wright says.

LBS' Fiona Stubbs says that luxury brands are enthusiastic about recruiting young eager MBA students, since these students are literally plugged in to the new generation of shoppers and the technological innovations that drive them.



“By recruiting talent, the industry can future-proof itself: that’s the way the industry is going, it’s in massive change, it’s not going to change back. We’ve got this technology now and our students are the generation that’s embraced tech and they also have these skills,” Stubbs says.

But this industry is not one to stagnate, and Simon Nyeck says that ESSEC is already looking at another big change sweeping the market: the growing role of consumers from emerging markets, and whether luxury brands from those emerging markets will

soon appear on the scene to challenge those French and Italian brands that have existed since the 19th century.

“Are we going to have luxury brands from China or India in the next ten years?” Nyeck asks. “We’ve got to be ready to provide some luxury brands from different countries.”

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