Measuring Sustainability in the Luxury Fashion Sector: A Comparison between LVMH and Kering

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Abstract

New social, environmental, and economic scenarios and the continuous evolution of the business world are directing society’s attention towards sustainability. In the current market context, there is a lot of talk about Corporate Social Responsibility (CSR), the tools needed to implement it and the consequent accountability. Undertaking CSR policies is a voluntary choice and this implies that organizations need to implement a system of guidelines and internal and external processes that influence all their activities. In this regard, this work focuses on the consultation and relative analysis of the “Sustainability Progress Reports” of the global luxury groups Kering and LVMH to proceed to a subsequent analysis related to the material themes of each of the Fashion Houses.

Keywords

Sustainability, Social Reporting, Fashion, Luxury, Sustainability Report

1. Introduction

Today, sustainability is a central theme in the world of business, which is required to preserve rare materials, guarantee the production of their products, avoid, or at least cooperate to reduce as much as possible, pollution and, above all, show respect for workers. At the same time, adequate attention must be paid to packing and packaging practices in retail outlets, recycling of waste at the end of the product’s life (Johnson, 2009).

The luxury fashion sector is a particularly interesting example in terms of sustainability and corporate accountability. In fact, although it appears to be sensitively exposed to environmental risks, leading companies are often the least...
active in terms of non-financial reporting as well as disclosure of social and environmental activities. Opinions that seem to indicate an inconsistency in the link between sustainability and luxury fashion focus their analysis on the evolution of style that defines fashion canons over time (Achabou & Dekhili, 2013). It is certainly not an easy task to link these two concepts—sustainability and luxury as, at least at first glance, there may be a certain degree of incompatibility, given that the first represents uniqueness, prestige, ostentation, and hedonism, while the other refers to principles of ethics, altruism, and sobriety.

Luxury fashion is notably vulnerable to consumer scrutiny, because luxury consumption may be considered as less essential to everyday life (Campos Franco, Hussain, & McColl, 2020). In fact, one of the main determinants that lead a consumer from the high-end segment in fashion to purchasing is the desire to enjoy emotional benefits that also derive from community recognition (Turunen, 2017). The above is probably the main reason why the luxury sector has been very late in embracing a sustainable model; because of the distinctive elements of fashion luxury such as exclusivity, heritage and choice of raw materials, consumers in the segment might interpret the use of, for example, recycled material as synonymous with poor quality (Rahman & Yadlapalli, 2015). At the same time, when we think about the challenges and opportunities for sustainability in luxury fashion, we should not forget that the primary role of luxury fashion, and fashion in general is to bring beauty and creativity to the world (Godart & Seong, 2014).

Today, there is a need to determine how luxury brands can meet the demands of sustainability while not compromising their own identity, as this is a world in which costs cannot be overlooked to ensure excellent product quality. Despite the difficulties, luxury and sustainability are two concepts that can be successfully combined if the management demonstrates an interest in all the social and environmental issues that may affect the production chain. Indeed, luxury goods customers are increasingly demanding that their trusted companies pay more attention to these issues. This symbiosis of interests, which must be increased and maintained over time, allows companies to create new business concepts to satisfy the desires of their target (Ko & Megehee, 2012). In this regard, through the following discussion, we are aiming to answer the following research question:

RQ1: How can the measurement of social environmental and economic commitment be improved?

To answer the following Research Question, this work focuses on the consultation and relative analysis of the “Sustainability Progress Reports” of the global luxury Groups Kering and LVMH to proceed to a subsequent analysis related to the material themes of each of the Fashion Houses. To measure the level of sustainability of the two fashion Houses understudy, an innovative methodology has been developed to evaluate the social environmental economic commitment of companies in the fashion world. Specifically, Section 1 introduces the topic;
Section 2 aims to investigate the level of integrating sustainability within the luxury fashion sector; Section 3 is focused on the Methodology; Section 4 is on the analysis of the results; Section 5, for Discussion, offers a comparison of the results obtained by the respective holding companies, and Section 6 concludes the research paper by highlighting the main critical issues/limits in the discussion/future perspectives. The proposed tool has returned, through the following manuscript, measurable and positive results and for this reason, it is considered adaptable to companies of various sizes and operating in different sectors than that of luxury fashion.

2. Luxury Fashion Brands and Their Role towards Sustainability

Talking about sustainability in the luxury fashion sector is not an easy matter. If we take the textile sector as an example, sustainable cotton does not offer the same quality and performance as cotton and this could in some way compromise the quality of many luxury brands, which make quality their strong point. Compromising this aesthetic aspect of fashion in the name of environmental or social values would mean the defeat of fashion itself and, the end of this important cultural and economic endeavor (Godart, 2012). A study of luxury fashion products using recycled materials showed that consumers could also negatively evaluate sustainable efforts (Achabou & Dekhili, 2013). Achieving economic, environmental, and social balance, therefore, does not prove to be an easy task, but the lack of management of these issues, such as the previously mentioned environmental ones, can expose luxury companies to reputational risk and, as a result, negatively affect its bottom line (Kapferer & Bastien, 2009). In this regard, many luxury fashion brands are including new practices and evolving sustainable business practices to meet the expectations of customers who are more sensitive to a brand’s sustainability narrative. It seems, therefore, evident to give a definition of luxury fashion and how integrating sustainability into a luxury brand’s business model can play a key role in justifying their survival in the future (Rahman & Yadlapalli, 2015).

Luxury fashion is playing an important role in shaping economies and governments. It is the fourth-largest revenue generator in France and a dominant industry in Italy, the United States, and emerging economies such as China and India (Okonkwo, 2016). There are various definitions of luxury brands. According to a more general definition, we can define luxury brands as products whose price/quality ratios are the highest in the market (McKinsey, 1990). As already stated, luxury brands are the highest level of prestigious brands that encompass several physical and psychological values (Vigneron & Johnson, 1999) such as to drive the consumer to purchase. Its value transcends tangible material goods (Loureiro et al., 2020) evoking the prestige of the owners regardless of functional utility (Gao et al., 2009). The literature largely defines luxury brands based on consumer perceptions and/or dimensions determined by management (Ko et al.,
again, according to the Authors, whether a brand is considered a luxury or not ultimately depends on consumers’ evaluations of that brand. Thus, especially in luxury fashion contexts, attitudes about sustainability conflict with behavior (Hyun et al., 2021).

The topic of sustainability has only become relevant in the last thirty years from the perspective of consumer habits, recording an increase in consumer concerns about their impact on people and the environment (Perry & Towers, 2013), and only gradually has the fashion industry realized that it is time to be responsible to society (Beard, 2008). While sustainability used to refer to green initiatives, it is now being brought back to a broader perspective. Seidman (2007) states that “sustainability is about much more than our relationship with the environment; it is about our relationship with ourselves, our communities, and our institutions”. Keeping in mind the most widely used definition of Sustainable Development, found in the 1987 Brundtland Report, luxury products are considered unsustainable precisely because they are known to waste resources for the pleasure of a few and symbolize social inequality. This is one of the reasons why in the literature, it is argued that luxury and sustainability are incompatible terms and therefore cannot be achieved at the same time (Rahman & Yadlapalli, 2015). Despite the divergences and critical issues highlighted earlier between sustainability and luxury, times have changed, and consumers perceive that sustainability and luxury are complementary models (Rahman & Yadlapalli, 2015) that can be well combined; moreover, the big fashion brands, thanks to their influence and power, can promote and spread the adoption of sustainable practices as well as apply them, with the means at their disposal, much more easily than in other sectors.

Ultimately, the existing literature appears fragmented and divergent. While authors highlight an alignment of the fashion industry with sustainability parameters, however, the impact of the industry, concerning the environmental sphere, seems to diverge the reality of the facts from the results that would be expected to be achieved after this type of action (Ozdamar-Ertekin, 2019).

Therefore, it is necessary to discuss whether and to what extent the actions taken by luxury fashion brands pursue sustainability values and how successful they are in achieving the goals set by the sustainability principles (Gazzola et al., 2020). In this regard, the analysis of two brands will be useful to try to measure the net impact that the activities of the two businesses taken as examples have in terms of environmental, economic, and social sustainability.

2.1. The Kering Group

In 1962, Francois Pinault decides to set up Etablissements Francois Pinault, a company that initially specialized in the timber trade and, later, in building materials. It was an immediately successful project, as the company immediately demonstrated its enormous potential and began to grow, thanks also to a series of successful acquisitions, so much so that in 1988 it was listed on the Paris stock
In 1999, thanks to the purchase of Gucci, the company enters the luxury sector. Through Gucci Group, it acquires the Yves Saint Laurent brand; shortly thereafter, other important brands arrive, such as Bottega Veneta (an Italian luxury company renowned for its leather products) and Balenciaga (a French luxury fashion house), as well as Boucheron (a French Maison of fine jewelry and watchmaking) and in 2001, it succeeds in establishing partnerships with Alexander Mc Queen and Stella Mc Cartney. On March 22, 2013, the group dropped the acronym PPR, becoming Kering Group. The Group is structured in two divisions: Fashion and Luxury goods (Gucci, Bottega Veneta, Yves Saint Laurent, Stella McCartney, Brioni, Balenciaga, Alexander Mc Queen, Cristopher Kane) which includes Watch and Jewellery (Ulysse Nardin, Girard-Perregaux, Jane Richard, Qeelin, Dodo, Boucheron, Pomellato) and Sport & Lifestyle (Puma, Volcom, Cobra, Electric). The Group operates internationally, and its main markets are the three macro-areas of Europe, America, and Asia-Pacific (including Japan).

### 2.2. The LVMH Group

The Moet Hennessy Louis Vuitton Group, abbreviated to LVMH, is a French holding company, headquartered in Paris, which includes in its portfolio about seventy prestigious brands, marketed internationally, which make the company the undisputed leader in the luxury goods market.

Louis Vuitton was officially founded in 1984, the year in which the entrepreneur of the same name opened a luggage and leather goods store in Paris.

In 1987, the Maison was listed on the stock exchange and completed the merger with the wine and spirits company Moet Hennessy, founded in 1971, assuming the name LVMH.

All Maisons, brought together by CEO Bernard Arnault (who holds a 47.52% share), invest their activities in six different sectors ranging from the production of high fashion goods and leather accessories, with the management of brands such as Louis Vuitton, Kenzo, Celine, Fendi, Off White, Etro to the production of a wide variety of bubbles including fine wines and spirits. Not only: its activities also deal with the sector of cosmetics and perfumery, watches, and jewelry. Today the company has more than 19,000 employees, 460 stores worldwide, 7 e-stores, and 60 brands.

As far as the financial market is concerned, it is listed on the CAC 40 (continuously assisted quotation), the main index of the French stock exchange.

Since its inception, the group has aimed to become synonymous with elegance and creativity, as well as to represent the meeting point between tradition and innovation, always focusing on product excellence and the creation of a working environment where employees are considered the main customers.

### 3. Methodology

Consultation of the sustainability reports of the two holding companies under
study, LVMH, and Kering, has enabled us to understand the commitment and measurement of the impact produced by these companies under a triple meaning:

- **Social**: the ability to ensure the well-being and professional and economic satisfaction of the human resources involved and the ability to create benefits for communities and support collective causes;
- **Environmental**: availability and renewability of necessary natural resources, reduction of consumption and energy efficiency, cooperation between companies, circular economy strategies and compensation, internalization of environmental costs;
- **Economic**: cost efficiency, ability to cope with stages of stagnation or crisis through flexible and resilient strategies.

To achieve this goal, the methodology is based on the research of material issues about environmental, social, and economic variables, but also the exploration of opportunities and risks related to the most critical and relevant topics in Corporate Social Responsibility.

The starting point of the analysis was the search for common themes, which would allow a direct comparison between the performances of the different Maisons. The definition of these factors falls on those themes that, to date, are fundamental and indispensable for carrying out an adequate business activity.

**Figure 1** focuses attention on the analysis carried out starting from the evaluation of key factors, passing through the main themes, to reach and outline a score, that is, a score useful to underline the variety of situations in which the fashion sector is a protagonist.

This research aims to demonstrate how and on which variables the Maisons are most oriented to operate, implementing value behaviors that are coherent with the objectives of economic and social policy valid at the international level.

Authors’ elaboration.

**Figure 1.** Levels of analysis of the methodology.
3.1. Data Collection

The detailed analysis of the current state of management in the various fashion houses, to detect existing criticalities, identify improvements and possibilities for new solutions, is carried out through a collection of data and information available through different approaches and methods such as:

- analysis of 2020 Sustainable Progress Reports;
- analysis of the fashion houses of both Groups;
- analysis of brands’ immediate response to Covid-19;
- analysis of interviews with the CEOs of the holding companies LVMH and Kering;
- the proposal of further concrete initiatives of the brands in the sustainable and social sphere.

In particular, the behaviors of all twenty fashion brands were observed and analyzed in detail, through a continuous update to understand how and how often they communicate. These brands can be grouped as follows. In the Kering Group, the highlighted fashion houses are Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, and Brioni.

In the LVMH holding instead, it is possible to mention: Loewe, Moynat, Louis Vuitton, Berluti, Patou, Loro Piana, Fendi, Celine, Emilio Pucci, Christian Dior, Givenchy, Kenzo, Marc Jacobs, and Off-White.

3.2. Measurement

To proceed to the determination of the final score, to extrapolate and analyze differences and similarities between the two Maisons, the key factors relevant to each of them were selected.

Assignment of the score is subordinate to the material themes highlighted in Table 1, for which each Maison will be assigned a value corresponding to its attention to the themes examined. It is important to underline how a company that has a high level of exposure in achieving a good score must be characterized by good management, while one with a lower level of exposure dedicates and invests fewer resources to the criticality in question. Management and exposure to these issues vary from company to company, especially within the same sector, and can take on a different value that varies from 0 to 10.

To simplify the process of comparison between the Maisons, the values have been grouped into three different levels:

- 0 - 3 low;
- 4 - 6 medium;
- 7 - 10 high.

where brand commitment is limited, the factor score is also low close to average, while greater exposure to the issues under consideration can lead to very high extreme values (Figure 2).

The evaluation was carried out on a database-built overtime in which the various initiatives and activities of each Maison related to the themes examined, explained in Figure 1, were isolated.
4. Results

It is possible to describe the results using two tables summarizing the dimensions highlighted above, to identify the environmental, social, and economic scores achieved by the various Holding brands.

Table 1 shows that most of the Maisons surveyed are attentive to their environmental footprint. The Holding Company is composed of some of the most sustainable companies in the world, in particular Gucci and Bottega Veneta, which have reached a high level in terms of sustainable luxury. Balenciaga emerges as the brand least attentive to social issues as no initiatives and programs have been developed in recent years to promote social issues. In contrast, 2021 was a strong growth year. Driving revenues: the Gucci brand, YSL, and Bottega Veneta.

Table 1. Sustainable benchmark Maison Kering.

<table>
<thead>
<tr>
<th></th>
<th>ENVIRONMENTAL SCORE</th>
<th>SOCIAL SCORE</th>
<th>ECONOMIC SCORE</th>
</tr>
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<tbody>
<tr>
<td>GUCCI</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>SAINT LOURENT</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>BOTTEGA VENETA</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>BALENCIAGA</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>ALEXANDER MCQUEEN</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>BRIONI</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
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Authors’ elaboration.
The latter received “leed platinum” certification, thanks in part to its innovative air conditioning and rainwater recycling system. Balenciaga and Alexander McQueen reported higher sales in 2019. Brioni has suffered greatly within the market in recent years but is trying to operate in an increasingly circular fashion.

Regarding the economic dimension, the group takes care to outline a series of ethical principles that each brand belonging to the group is required to respect. Acting with integrity and a sense of responsibility and complying with the laws and regulations in force in the business sector concerned.

Like Kering, a Comparison Table was built between the different Maisons of LVMH.

Table 2 shows how Kering’s rival Group achieves very high levels in terms of sustainability. Louis Vuitton is a pioneer in the field of sustainability and, in detail, has recorded very high and growing performance. The same can be said for Fendi.

Kenzo, in its way, has placed sustainability at the center of its creations. Among the most dynamic realities, there are therefore Vuitton, Christian Dior, Fendi, and Celine. Loewe and Marc Jacobs also performed well, thanks above all to e-commerce sales.

Among the most socially active Maisons is Celine (importance of gender equality). Also, Emilio Pucci registers high levels in the environmental field, in fact, in 2021 it has reorganized its structure and store network. Off-White, on the other hand, is a Maison recently acquired by the Holding but quite attentive

### Table 2. Sustainable Benchmark Maison LVMH.

<table>
<thead>
<tr>
<th></th>
<th>ENVIRONMENTAL SCORE</th>
<th>SOCIAL SCORE</th>
<th>ECONOMIC SCORE</th>
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<tbody>
<tr>
<td>LOUIS VUITTON</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>LOEWE</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>BERLUTI</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>PATOU</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>LORO PIANA</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>FENDI</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>CELINE</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>EMILIO PUCCI</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>CHRISTIAN DIOR</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>GIVENCHY</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>KENZO</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>MARC JACOBS</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
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<tr>
<td>MOYNAT</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>OFF WHITE</td>
<td>Medium</td>
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Authors’ elaboration.
to environmental impact.

After having examined in detail the brands belonging to the two giants Kering and LVMH, it is now necessary to make a comparison to understand which of the two, now, is more committed to the conversion of its production activities because of sustainability.

The comparison between the two holdings has made it possible to highlight the steps taken over the years.

The brands that make up the LVMH group have shown greater accuracy in the sustainable turnaround of their production, also underlined by the fact that, unlike the Kering Group, the consultation conducted shows that LVMH is more accurate in drawing up the Report. Kering’s report is more communicative, while LVMH’s is more analytical.

From the point of view of the results achieved, the LVMH giant closed the first half of 2021 with an increase in turnover compared to the same period in 2020. The results of the Kering group are also positive, but far from those of the competitor.

5. Discussion

Having examined in detail the brands belonging to the two giants, Kering and LVMH, the need now arises to make a comparison to understand which of the two is currently the most important, which of the two is currently more committed to converting its production activities towards sustainability. As previously discussed, innovation is the long-term goal of both French groups, but with the responsibilities that come with the luxury sector. A comparison of the most recent environmental reports of the two groups shows that for both, the environmental impact of their stores is among the highest: in this regard, LVMH has studied lighting entirely based on LEDs for some boutiques in Rome, which allows energy savings of 40%, while, on the other hand, Kering has obtained Leed Platinum certification, the most important of its kind, for three Saint Laurent boutiques.

As for the LVMH Group, there are basically four strategic points on which it has focused its eco-sustainable turnaround and they include product, carbon emissions, supply chain, and factories. Among the goals that can be said to have been achieved so far are improved performance in all product categories and recycling of unsold items, a 25% reduction in CO₂ gases, and the adaptation of 70% of the holding company’s Maisons to advanced sustainability models. Stores, offices, and production have also improved their environmental impact by 10% over the years. These criteria have undoubtedly also been used by the Kering group, which earlier this year ranked second in the world for sustainability in the Global 100 index, as well as first in the Textiles, apparel & luxury goods segment. The holding company’s current goal is to reduce its footprint by 40% and CO₂ emissions by 50% by 2025.

Both groups have recently implemented strategic policies in this direction.
Indeed, the Kering group recently published its new animal welfare standards, in line with its policy of making sustainability practices accessible. The intention is to adopt best practices for animals involved in the supply chain of the various brands that are part of the holding company, for the preservation of biodiversity. To this end, specific requirements have been included regarding the treatment of cattle, sheep, and goats throughout their lives, as well as directives regarding slaughterhouses and the abolition of fattening pens and intensive farming in favor of grazing, the promotion of regenerative agriculture, and the prohibition of antibiotic treatments with sub-therapeutic effects. As far as LVMH is concerned, on the other hand, the group has recently signed a pact with Unesco, in support of its intergovernmental scientific program that aims to safeguard biodiversity on the planet, with a view to achieving the objectives set for 2030 in terms of improving factors such as poverty, hunger, health, equity, and climate. As a result of this partnership, LVMH will support events organized by UNESCO over the next two years, including the Climate Change Conference.

Kering, although it is undoubtedly smaller in size than its rival (10 billion euros in sales in 2014, compared to LVMH’s 30.6, to give an example) has published a study on the overall impact of the luxury industry on the supply of six raw materials, from Vicuna to silk to lambskin. Moreover, in its portfolio, the group can boast the presence of what is so far the only truly “green” designer of global reach, Stella McCartney, who defines her company as “vegetarian” as she does not use any animal products. LVMH, for its part, has responded by launching an innovative project, the Internal Carbon Fund, financed with over 5 million euros: starting in 2016, the 70 brands of the group will “self-tax” with 15 euros per ton of CO₂ emitted.

To increase the use of renewable energy, moreover, LVMH has installed it on the roof of the Tag Heuer factory in Chaux-de-Fonds one of the largest photovoltaic systems in Switzerland. Bottega Veneta, on the other hand, in Montebello Vicentino, was the first factory to receive Leed Platinum certification, also thanks to its innovative air conditioning and rainwater recycling system. Comparing the two Holding companies’ sustainable reporting structures, you immediately notice a difference between the two groups: Kering is more communicative, while LVMH is more analytical. In fact, while LVMH pays more attention to respecting the 17 Sustainable Development Goals elaborated by the United Nations, indicating all the data that can in some way testify to the Holding company’s commitment to sustainability, the Kering Group does not go into as much detail in describing its commitment to the SDGs because within the report, the Group, in fact, announces the objectives it aims to achieve, focusing specifically on three pillars: taking care of the planet, collaborating with people and creating new business models and innovations. In support of the difference noted, there is also the fact that the LVMH Group identifies its environmental indicators, publishing them since 2001 in the Universal Registration Document and in the Group’s Corporate Social Responsibility Report. This is also accompanied by an
environmental report prepared using an internal tool composed of three types of a questionnaire: 1) a questionnaire compiling company data: training, packaging, etc.; 2) a questionnaire on raw materials; 3) one or more questionnaires compiling specific data, such as production sites: water and energy consumption, waste production (quantity and type) and waste treatment, etc. In total, each Maison collects data for about 100 categories, which are then checked and thoroughly analyzed to detect any abnormal data, consistency issues, etc. In terms of achievements, the LVMH giant closed the first half of 2020 with revenues up 15% to €25.1 billion. Net income was 3.27 billion (+9%), operating income 5.29 billion (+14%), with an operating margin of 21.1%. Kering Group’s results are far behind LVMH. First-half sales rose 18.8% to 7.638 billion, operating income came in at 2.252 billion (+25.3%) and net income was 579.7 million. Unlike LVMH, which acts as a unitary Group, Kering divides the turnover of the brands, and the best performance was that of Gucci: in the first six months, the brand grew by 16% to 4.617 billion.

6. Conclusion

There is rapidly growing literature addressing the issue of sustainability in the luxury fashion industry. The literature reflects a growing awareness of the significant environmental and social impacts that industry practices have on the community and local area (Fletcher, 2008; Goworek, 2011; Kozlowski et al., 2012). Starting from the theoretical background on sustainability and the luxury fashion industry, the purpose of the paper was to provide an overview of how companies operating in this sector have implemented sustainability logic within their business strategies. In this perspective, the need to improve performance measurement and reporting systems (O’Rourke, 2014) to make the organizations’ operations more sustainable and able to manage the ongoing change has become evident. For this reason, to understand the commitment pursued by luxury fashion brands and, contextually, to answer the research question (RQ: How can the measurement of social environment, and economic commitment be improved?), the authors developed a methodology to assess the sustainable performance pursued by organizations operating in this sector. The study of social reporting documents produced in 2020 and the choice of 10 material themes/key factors contained in the reports and concerning the triple meaning of sustainability, represented the element capable of defining the reference framework. The analysis was applied to the two most important luxury fashion Holding companies, LVMH and Kering. The results indicate that LVMH gave prominence to all environmental aspects in comparison to the other organization (Rahman & Yadlapalli, 2015), recording high levels of performance in all areas of sustainability, in apparent analogy with what is established in the literature (Kozlowski et al., 2014; Achabou & Dekhili, 2013).

However, the study has some limitations that need to be considered. First, the research focuses on the study of a single year of sustainability reports, not al-
lowing for longitudinal analysis and measurement of holding companies’ continuity in the assessment of these specific material issues. Second, the analysis does not consider any governance-related elements, such as, for example, board composition, organizational size, resources and capabilities, intangibility, and economic and sustainability performance.

In addition, although each initiative implemented by the two holding companies shows considerable merit and is worthy of appreciation, it must, however, be considered that there is still a long way to go. Even fashion houses have made this battle one of the founding elements of their latest collections, it must also be considered that environmental issues are still far from representing a social priority for consumers and showing a willingness to make a personal commitment to curb environmental deterioration does not necessarily translate into an act of purchasing a sustainable product.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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