

Sustainability within the French luxury consumer-goods market: The role of business and consumer demand

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Sustainability within the French Luxury Consumer-Goods Market: The Role of Business and Consumer Demand

Lisa Simkus
Spring 2010

ABSTRACT

The business case for sustainability is becoming one of the most important considerations for businesses today. Although there have been large improvements in reporting, transparency and sustainable initiatives in many industries, the consumer goods luxury market is failing to meet the mark. Evidence for this is found in the WWF's Report that ranked ten luxury businesses in terms of their initiatives. No company was ranked higher than a C+.

The purpose of this paper is to explore the French luxury industry as a market leader with the power and influence to shape the sustainable development of this industry. In particular, the initiatives of French luxury conglomerate, LVMH, are explored as an archetypal corporation within the industry with the power to shape consumer tastes.

Although there does seem to be a drive towards sustainability within the luxury goods industry, these initiatives and reports put out by luxury companies are often seen as "greenwashing". Therefore, this paper explores what the true drivers behind adopting sustainability are. The hypothesis raised is that consumer demand for sustainability has perhaps the greatest influence. As such, a survey was conducted of French and Canadian citizens to compare their awareness and demand for sustainability; it was found that there is less awareness and demand for sustainability within France. This paper will argue that this difference is due to a culture that highly values luxury as part of their cultural capital. As such, it is up to businesses to use their influence and make sustainability the new consumer trend.

INTRODUCTION

"Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs."

This definition of sustainable development, as defined by the Brundtland Report from 1987, sums up the idea that the future of development lies in the ability of governments, businesses and people to make choices that enable the planet to survive (Brundtland, 1989). The need for a view of development that takes on a Triple Bottom Line (TBL) approach is an issue that faces each and every business and government today. The capacity for future generations to meet their own needs is rapidly decreasing and the challenge for the world has now become an issue of trying to reverse the damages that mankind has already inflicted. According to the Ecological Footprint, a measure put out by the World Wildlife Federation (WWF) that determines how we are depleting renewable resources, in 2001, our ecological footprint exceeded Earth's natural capacity by 20% (Bendell & Kleanthous, 2007). This highlights the very nature of unsustainable development.

The overall purpose of this report is to explore the role of business in the push towards Sustainable Development and the drivers behind it. As consumers are becoming more aware of the need for widespread changes in order to preserve the environment, businesses are beginning to understand the need for Corporate Social Responsibility (CSR). Many industries have set high standards for reporting, sustainable initiatives and innovations, thus spurring businesses to make decisions that have a wider responsibility than simple profit making.

In particular, this report will focus on the luxury consumer goods industry and the steps that are being taken by large luxury conglomerates such as LVMH on the path towards sustainable development. Since the luxury industry is often where many trends begin, the luxury industry may be poised to be at the forefront of the global drive towards Sustainable Development. The reason behind my choice to cover the French luxury industry stems from the fact that France is the market leader in the consumer luxury goods industry and thus has the power to influence it even more profoundly.

Although this market encompasses some of the most well known brands globally and generally receives high profit margins, the luxury sector does not seem to be exceedingly engaged in terms of the business trend towards CSR. For instance, there was not a single luxury corporation, French or otherwise, on investment analyst Innovest's list of "the 100 most responsible corporations of 2007." In addition, only a few companies including LVMH, Hermes and L'Oreal, were part of the FTSE4Good 2006 Index (see: FTSE4Good). Moreover, LVMH was removed from this list in 2007 for issues with their supply chain (Bendell & Kleanthous, 2007).

Although many companies in the luxury industry constantly produce impressive financial results, sustainable development does not appear to be part of their core strategies. This paper will seek to understand the drivers behind sustainability, such as consumer demand, and why the luxury market is falling behind in a world that is moving towards sustainability at a rapid pace.

1. CHALLENGES AFFECTING SUSTAINABILITY WITHIN THE LUXURY MARKET

The issue of business sustainability is affected by many factors. Traditionally, the luxury consumer goods market has not been at the forefront of environmentally or socially responsible companies. The business case for sustainability, however, is becoming increasingly clear and is not something that any firm can ignore. Aside from managing and reducing risk, cutting costs, taking advantage of new innovations and technologies and providing added value for consumers, creating a sustainable business is becoming a mandatory necessity.

The main macro forces that are affecting the luxury industry are political, economic, social and global. For example, on the subject of political regulation, the French government has passed laws concerning TBL reporting (see: Nouvelles Régulations Economiques) and limiting packaging (see: Grenelle Law). Although these governmental attempts to instil a need for sustainability within businesses may be a good first step, it is not the solution in order to ensure that companies embrace the idea of true sustainable development. Although governments are often held accountable for keeping their countries and industries environmentally and socially responsible, there must be more corporate involvement. Although corporations are often the largest consumers of resources, they also have the most influence to change consumer mindsets.

By tradition, the luxury market has been seen as the antithesis to sustainable development. In an industry based almost entirely on excess, the notion of creating products that are socially and environmentally responsible seems counter-intuitive. As such, many issues surrounding the design, manufacture, promotion and distribution of luxury goods can be cited as being highly unsustainable. For

instance, some of the key issues that represent the negative impact of the fashion luxury market include the use of animal skins and furs, the lack of responsible marketing by using unhealthy models, issues within supply chains, and the creation of the drive for consumption (Bendell & Kleanthous, 2007).

Issues surrounding the use of animal furs and skins in goods raise the concerns surrounding the protection of endangered species, pollution in preparation practices and the welfare of animals during the process of rearing and termination. There are procedures in place to attempt to control the trade of skins and furs, such as certification from The Convention on International Trade in Endangered Species (CITES); however, illegal trading still exists. Some examples of this include the trading of skins from endangered wild animal populations and using unethical means of obtaining furs, such as the need to kill the Chiru Tibetan antelope in order to use its fur. Because three to four skins are needed for one wool shawl, the global Chiru population has declined to less than 100,000 in the wild (Bendell & Kleanthous, 2007).

In an industry based on consumption, it can be difficult to see a way around this issue. However, the luxury industry may be well placed to start a trend of sustainable consumption such as a focus on high quality garments that can be worn for more than one season. Since, in their essence, luxury goods are backed with a reputation for quality and timelessness, French luxury industries can combat the trend of mass consumption and waste by encouraging consumers to buy expensive goods that do not have to be replaced as often. As a business case for sustainability, this does not have to mean a drop in revenues. Instead, sustainable products can offer new types of value for consumers, presenting them with more intelligent and responsible goods (Bendell & Kleanthous, 2007). Not only does this help the environment, it increases the emotional connection of consumers to the goods.

2. THE FRENCH LUXURY INDUSTRY

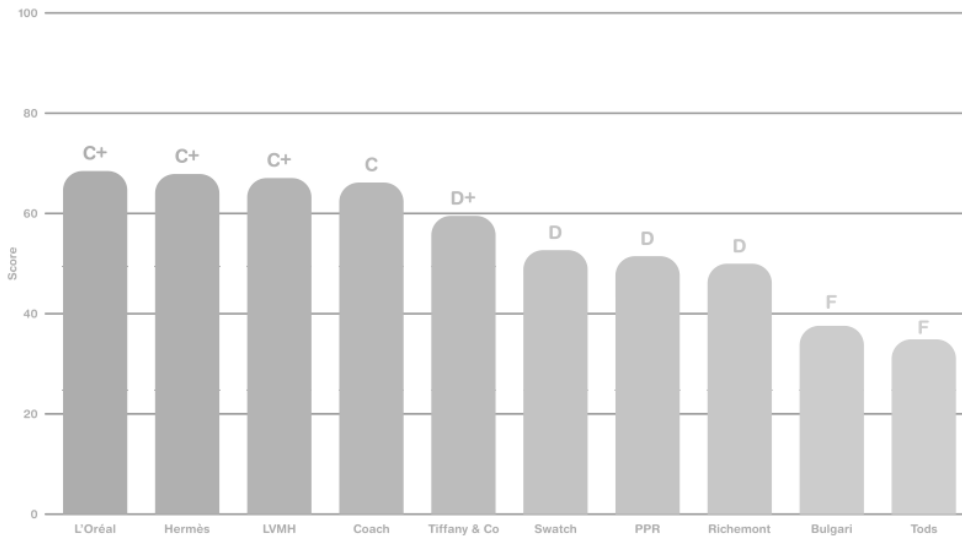
Luxury has always been synonymous with France. French fashion has been linked with the height of class and status since the reign of King Louis XIV from 1643 to 1715. During this time period, luxury goods industries became largely under royal control and thus France became the European and world authority on style and taste (Wikipedia Contributors, 2009). Today, French fashion is still seen as the epitome of luxury. Although many French luxury houses are under the control of large conglomerates such as Louis Vuitton Moët Hennessey (LVMH) and PPR, they have not lost their reputation and prestige. Some of the iconic luxury fashion brands until LVMH's control include Dior, Celine, Chanel, Louis Vuitton, and Givenchy.

In addition, although France is renowned for its high cultural capital and affinity for luxury goods, it is also known for its lack of commitment to sustainable development initiatives as compared with its European neighbours (Lock, 2009).

Although French brands in the luxury sector have been around for many years, such as Louis Vuitton, which was founded in 1854, the French private sector has never been considered dynamic, innovative and entrepreneurial (Fukuyama, 1995). Traditions tend to be upheld in France where long-established attitudes towards authority and affinity for bureaucracy have led to less entrepreneurial spirit within companies (Burt, Hogarth, & Michaud, 2000). In 1940, economic historian David Landes argued that France's delay in adopting new processes has its roots in the country's pre-dominance of the traditional family firm. In addition, France's culture is one that is still relatively class based. According to Fukuyama, "The relatively late growth of a mass consumer market in France and the persistence of small markets for expensive, high quality goods is testimony to the lingering effects of aristocratic sensibilities among middle class French consumers" (Fukuyama, 1995).

In a report, entitled *Deeper Luxury*, the WWF ranked ten firms within the luxury market on their environmental, social, governance performance, and reputation (Figure 1). These rankings were based on what the companies themselves report about their performance as well as what the media, NGOs and other non-governmental organizations report.

Figure 1: Ranking of Environmental, Social and Governance Performance and Reputation of Luxury Corporate Groups (Bendell & Kleanthous, 2007)



In examining Figure 1, it becomes clear that the luxury industry is falling behind in terms of CSR. Large French firms such as L’Oreal, LVMH, Hermes and PPR succeed in only achieving a grade of C+ at best. Even with high margins, large customer bases and a lot of brand recognition, the luxury industry seems to be missing something.

As large conglomerates, including those within the luxury industry, are becoming more powerful than even some governments, CSR is becoming increasingly important. Although there are issues facing the luxury consumer goods industry, these are not issues that cannot be remedied. Perhaps one of the main factors influencing the drive towards corporate sustainability is changing consumer demands. Increasingly, consumers want greater accountability and they search for more meaning within products and services (Winn, 2008). For businesses, the satisfaction of consumer demands is a primary goal. Therefore, the need for consumers to be aware of and demand more CSR and sustainability from companies may be seen as the key to true sustainable business. This issue will be explored further later in this report.

As previously mentioned, the French luxury industry is a global market leader in the sense that it encompasses many top brands and influences style and taste throughout the world. Because of its sizeable influence within this sector, this report pays particular attention to LVMH since it may be considered an archetypal company in the French luxury market as well as a leader in the entire industry. Because of this, if the French luxury industry does not embrace sustainable development, it may be less likely that the rest of the industry will.

As a company that recorded revenues of 17.2 billion Euros in 2008, LVMH should be taking more of a stride towards sustainable development within its own company as well as acting as an exemplary for sustainable development for other businesses (LVMH, 2009). However, even with impressive CSR reports and media coverage of initiatives, luxury companies like LVMH do not have inspiring score cards.

3. LVMH AND SUSTAINABILITY

“For over fifteen years, the LVMH Group has been committed to preserving the environment. It was also one of the first groups to establish an Environmental Department in 1992. This commitment became a strategy in 2001 when Bernard Arnault signed the Environmental Charter that encouraged each Company to establish an environmental management program and every Chairman to become involved in the initiative. The commitment was further strengthened in 2003 when the Group joined the Global Pact, an initiative launched by Kofi Annan that is based on its signers’ voluntary commitment to respect ten principles relating to human and citizen rights, working conditions, and the environment, to contribute to more sustainable growth at the international level. In 2008, the companies engaged in concrete actions including ISO 14001 certification, the completion of Bilans Carbone®, the construction of green buildings and the use of eco-design.”

(LVMH, 2008 b)

The above quote is from LVMH’s environmental report and outlines their background in environmental efforts. It paints a picture of a corporation that has strong commitments to sustainable development through various initiatives. Although these words could be taken at face value and the assumption could be made that LVMH is thoroughly committed to sustainability, this report will look deeper into these initiatives in order to understand why LVMH received only a C+ grade in WWF’s *Deeper Luxury* report (Figure 1).

According to their website, LVMH is committed to preserving the environment and Sustainable Development. While complying with regulations and trying to become certified by internationally recognized standards such as ISO 14001, LVMH attempts to reduce their risks by setting and following through with targets. In particular, LVMH focuses on the life cycle of its products by ensuring their sustainability from design to disposal. By raising employee awareness through training and dedicated management, LVMH wishes to maintain a proactive policy towards the environment and Sustainable Development. Through the incorporation of environmental goals in management performance reviews and by conducting regular internal and external environmental audits, LVMH has demonstrated its commitment to environmental responsibility (LVMH Group, 2009).

Some examples of the aforementioned environmental and social targets include the reduction of perfume packaging, the use of recycled materials in transport packaging and the establishment of initiatives to sustain wild populations of natural species used in the production of goods. Through some of these initiatives, LVMH has been able to achieve an annual savings of 30 tons of tin, 186 tons of cardboard and now has transport boxes that are made up of 61% recycled materials, resulting in a savings of 232 tons of raw materials annually. With respect to the sustainment of wild populations of species used in goods, an excellent example of this is the Annogelline project in Burkina Faso. The purpose of this project is to preserve the Anogeissus leiocarpus tree, from which active ingredients have been used for Christian Dior swimsuits. By setting up a controlled bark-harvesting system, involving local inhabitants and re-planting trees in the Koro Pedagogical and Botanical Garden, LVMH wishes to educate people about the natural flora in this area and ensure its survival (LVMH Group, 2009).

In addition to some of these design and manufacturing initiatives, LVMH also has more widespread targets that include the construction of “green” buildings. By undertaking initiatives that will see various LVMH-owned buildings become more environmentally friendly, the company wishes to achieve HEQ status for both new and existing buildings (see: HEQ). One of the major projects that has received HEQ

certification is the Eole warehouse building in France. The challenge of the Eole project was “integrating a building into its environment, managing energy and water, and creating visual harmony in the workplace” (LVMH, 2008 b). The building includes rainwater runoff treatment and usage, special routes to encourage pedestrian activity, water management systems where waste water is naturally treated using plant filtration and the use of construction products, such as VOC-free paint, that are not harmful to the environment. In terms of energy efficiency, Eole uses geothermal heating and air/water type cooling systems in warehouses among other things. LVMH is currently working on making environmentally conscious construction standard throughout its operations (LVMH, 2008 b).

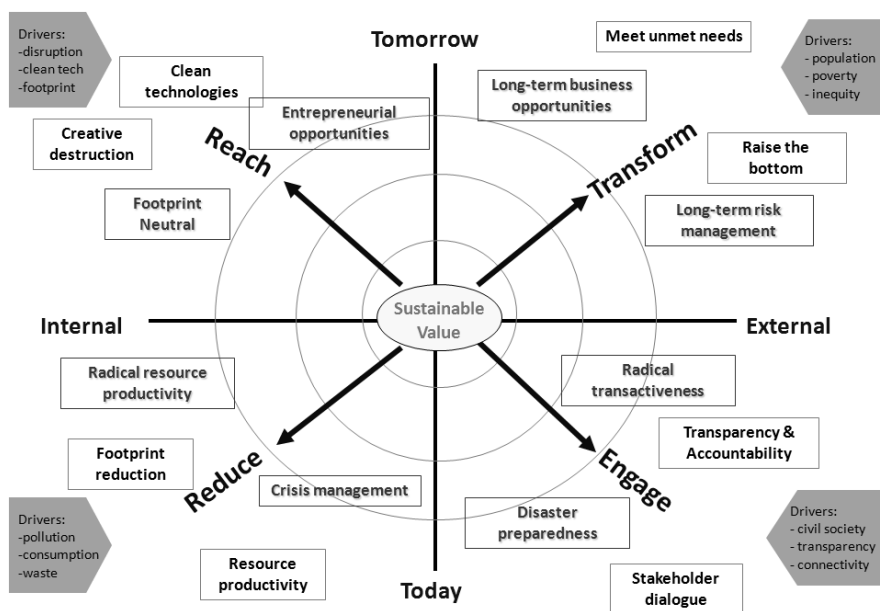
On another note, LVMH has also begun to engage with external stakeholders by operating a contest in conjunction with New York’s Fashion Institute of Technology. The challenge behind this project is for students to design “stylish cycling garb to promote energy-saving, zero-pollution commutes via bicycle” (Santoli, 2009).

As mentioned, the main department within LVMH that deals with the issue of sustainable development is the Environmental Department. This Department reports directly to the CEO, Bernard Arnault, and establishes environmental guidelines for the company and its various brands. Some of the responsibilities of this department include providing each brand with practical tools including regulatory and technical oversight, information and guidelines on anything from packaging to suppliers to green initiatives, supervision of the implementation of the company’s Environmental Charter and the organization of internal audits (LVMH, 2008 b). Although these responsibilities ensure the company follows through with initiatives, the Environmental Department seems to lack external innovation and radical entrepreneurial ideas within their own operations.

4. SUSTAINABLE VALUE FRAMEWORK – LVMH

The Sustainable Value Framework_(SVFW) (Figure 2) is a conceptual model that can be used by companies as a strategic and diagnostic tool to help assess their progress in terms of their current portfolio of initiatives.

Figure 2: Sustainable Value Framework (Winn, 2008)



Adapted from Hart & Milstein, 2003; Tebo, 2003

According to the World Business Council for Sustainable Development:

“Eco-efficiency is reached by the delivery of competitively priced goods and services that satisfy human needs and bring quality of life, while progressively reducing environmental impacts and resource intensity throughout the life cycle, to a level at least in line with the earth’s estimated carrying capacity.”

As evidenced by their commitment to ensuring sustainability and reducing waste within the entire product life cycle, LVMH is clearly focused on eco-efficiency and changing the values and culture within the company. As such, many of LVMH’s sustainable initiatives fall into the internal side of the SVFW. In addition, their focus on HEQ certified buildings shows an initiative to reduce their ecological footprint and apply more focus to clean technologies. Furthermore, LVMH has made a point of encouraging sustainable entrepreneurship by taking a stake in Edun, an eco-luxury clothing label, which was founded by U2’s Bono and his wife Ali Hewson (Lock, 2009). Despite these internal initiatives, there could be more innovation within the company in terms of finding new sustainable materials or processes and encouragement of entrepreneurship within LVMH’s own brands.

Although LVMH is making considerable attempts to become a more sustainable enterprise, they seem to be missing the more external part of the SVFW. Although they do engage with stakeholders by putting out CSR reports and engaging in activities that promote environmental awareness, LVMH could increase their emphasis on this right-hand section of the diagnostic tool. For instance, LVMH’s CSR reports do not follow GRI standards of reporting which is an international guideline for preparing sustainability reports (Bendell & Kleanthous, 2007). This may result in inadequate reporting on some aspects of their practices and does not show a very high degree of transparency. Moreover, there does not seem to be a large amount of stakeholder engagement. Although their Annual Report from 2008 highlighted an entire section on Sustainable Development, there is no emphasis on engaging stakeholders and creating a two-way dialogue with them (LVMH, 2008 a).

In addition to lack of stakeholder engagement and transparency, LVMH seems to lack an emphasis on long-term business opportunities and focus on the bottom of the pyramid (see: BOP Approach). Although adopting a BOP approach is the opposite of the typical consumers that luxury companies normally transact with, there may be opportunities in operating programs in impoverished countries. For example, with the large access to funding and resources that large multi-national corporations like LVMH have access to, it would be in their benefit to engage in initiatives such as microcredit or building schools and hospitals in third-world nations.

5. RANKING OF LUXURY GROUPS

For their rankings in the *Deeper Luxury Report* (Figure 1), WWF took data from two sources. The first source of data was the Ethical Investment Research Service (EIRIS) that analyses information directly put out by and taken from companies through questionnaires, public documents, websites and reports. Data is collected from these self-reported sources based on fifty criteria and are placed within the categories of environment, human rights, corporate governance, and stakeholder relations. The second source of data for this ranking came from Covalence, a research house that takes both positive and negative news from global media sources about companies and compiles it into rankings. Thus the EIRIS ranking is seen as more of an internal ranking and the Covalence ranking is seen as more of an external one. The rankings for each of the ten luxury companies can be seen in Figure 3 (Bendell & Kleanthous, 2007).

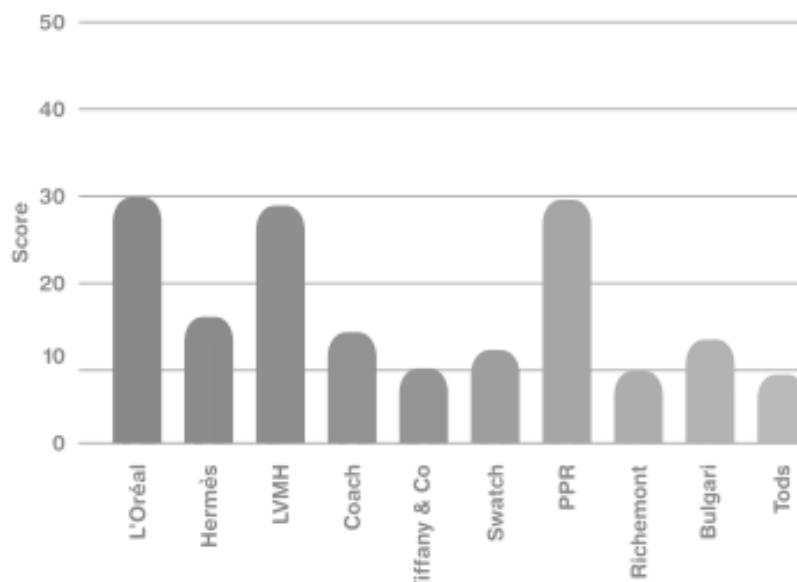
Figure 3: Scores from WWF’s Deeper Luxury Report (Bendell & Kleanthous, 2007)

Group	Covalence	EIRIS	Total	Rank	Grade
L’Oréal	38.5	30.0	68.5	1	C+
Hermès	50.0	17.9	67.9	2	C+
LVMH	37.2	29.9	67.1	3	C+
Coach	50.0	16.2	66.2	4	C
Tiffany	47.8	11.9	59.7	5	D+
Swatch	38.9	13.8	52.7	6	D
PPR	21.3	30.3	51.5	7	D
Richemont	35.5	15.2	50.6	8	D
Bulgari	20.0	17.6	37.6	9	F
Tods	25.0	9.9	34.9	10	F

From these scores, it can be seen that although LVMH scored above average from both Covalence and EIRIS, since each score is out of fifty, there is a large discrepancy between these two scores. LVMH’s relatively higher Covalence score of 37.2 may help highlight the fact that the company is more focused on creating a positive image and reputation than they are on actually following through with initiatives.

Although LVMH did score higher than many other companies ranked in this list with 29.9 in terms of their scores from EIRIS, it does not mean that they are in a secure position. A score of 29.9 suggests that LVMH is only doing slightly above mediocre in terms of their initiatives even though they have one of the highest rankings for self-reported performance (Figure 4). This may be because they are not reporting on all sides of their business or are not incorporating social and environmental responsibility into their business strategy enough.

Figure 4: Self-Reported Performance (Bendell & Kleanthous, 2007)



One of the main complaints about sustainability within the luxury industry is that it that corporations are simply “greenwashing”, or making efforts to portray themselves as environmentally responsible in an effort to improve their reputations (Presidio Management School). By using the issue of sustainability to promote lavish events where money is raised for various philanthropic events, “high-society” is given a chance to feel they are being socially and environmentally responsible. Unfortunately, this is the approach that many luxury companies take towards sustainability. According to WWF, the luxury industry’s approach to sustainable development is more one of “piecemeal philanthropy, glamorous sponsorship projects and the management of reputational risks” than anything else (Bendell & Kleanthous, 2007).

Consequently, the reasons behind this lack of true strategic commitment to sustainable development, although not without lack of reporting on it, need to be examined. The question thus becomes, if luxury firms like LVMH are simply using the idea of sustainable development as a way to manage their risks in an attempt to improve their reputation, then what needs to be done for them to truly become sustainable businesses?

6. DRIVERS BEHIND SUSTAINABILITY – CONSUMER DEMAND

Sustainability has become a key success factor for many businesses today. Especially in North America, sustainability has been increasingly at the forefront of consumer and investor decision making over the past number of years. Although this may not be as prevalent in other areas of the world, consumers in Asia, Europe and the Middle East are beginning to see the value in companies that are dedicated to strong CSR (Bendell & Kleanthous, 2007). This demand for sustainability has become obvious in many countries and industries as businesses are having to shift their strategies and product offerings to meet consumer demand. An excellent example of this is the increasing prevalence of hybrid vehicles in the automotive industry.

There is often a myth that consumers of luxury goods do not demand socially and environmentally conscious goods. However, with increasing education and awareness, it is slowly becoming a purchase criteria for many consumers, especially in Western markets. However, since there seems to be a lack of Sustainable Development within the consumer luxury goods market, especially in France, could this myth be true?

As mentioned, the business case for sustainability is growing and the luxury industry will have to improve its social and environmental record. As shown, although many luxury brands are making strides towards incorporating CSR into their company strategies, the industry is still lagging. Luxury brands are becoming more accessible through a process of democratization where more middle class consumers are becoming able to afford such luxury goods as Louis Vuitton handbags (Bendell & Kleanthous, 2007). This mass consumer market is quickly beginning to become more educated and concerned about environmental and social issues. Therefore, these products may no longer remain the coveted items they once were based on brand name and image alone. Luxury companies need to find a way to add new value for consumers.

Furthermore, it has been suggested that in fact the current economic downturn will further increase customer demand for sustainability. According to a survey by American marketing agency Cone, “50% of Americans ages 18 to 24 said they have ‘higher expectations of companies to make and sell environmentally responsible products and services during the economic downturn,’ compared with 35% of Americans overall.” Furthermore, Figure 5 shows that 34% of consumers said they are more likely to buy environmentally responsible products due to the recession (Dodes & Schechner, 2009). This shows

that American consumers, especially those aged 18-24, are becoming more interested in buying goods that are environmentally and socially conscious.

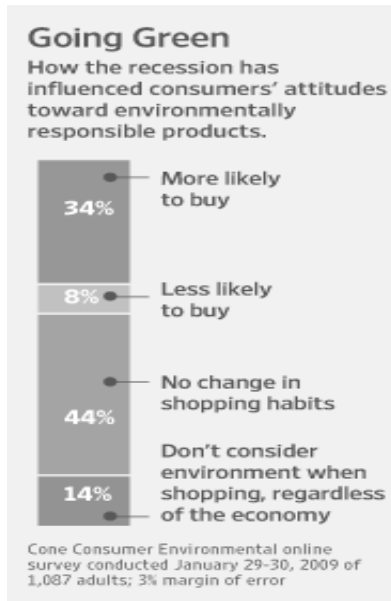


Figure 5: Cone Marketing Survey on Consumer Behaviour (Dodes & Schechner, 2009)

Evidently, there is consumer demand for sustainability elsewhere in the world. Consequently, this paper will explore the role of consumer demand for sustainability in France and its potential effect on the sustainability of companies in the French consumer goods luxury market. Since French brands are seen as models of style and taste throughout the world, it may be possible that there needs to be high level of consumer demand for sustainability within in France in order for the luxury industry to really become sustainable.

7. FRENCH CULTURAL CAPITAL

According to Professor Anne Witte from EDHEC Business School in Nice, France, luxury brands are attached to French history. Evidenced by the existence of royal enterprises, royal goods, and specialized foods and dress for the aristocracy, luxury goods are often “linked in popular imagination to personal and cultural excellence, taste and refinement. They reinforce people's sense of success” (Witte, Professor - EDHEC Business School, 2009).

Especially in France where classes still exist, luxury industries encompass a defining part of culture. Culture in France is often seen as exemplifying “high society” and as such, fashion, art, wine and other luxury goods are linked to a sense of national pride and can even be seen as cultural symbols of the “refinement” of the French population. This may be the very reason behind the lack of action and pressure on luxury companies to become more sustainable “because it is socially awkward to attack ‘family names’ in a society where class consciousness reinforces a sense of order and meaning” (Witte, Professor - EDHEC Business School, 2009). It is impossible to demand sustainability from the luxury industry without attacking its practices and regarding operations as elements that need to be changed. This may potentially, however, be seen as an attack on the French personally since the line between luxury and culture has been blurred.

Cultural Capital may be defined as “a social relation within a system of exchange that includes the accumulated cultural knowledge that confers power and status” (Barker, 2004). The concept, first presented by Pierre Bourdieu, can be extended to incorporate the practices, local knowledge, language, esthetics and philosophy of a culture that allow the society to differ successfully from another one. As previously mentioned, for France, cultural capital often signifies high culture. Luxury industries are part of the “preferred industries” in France and are often supported by the government. There are also educational systems in place to maintain these industries and many students choose career paths that relate to the luxury business (Witte, Social Capital Presentation - Types of Capital, 2009). As such, these lucrative industries often employ many people and are thus also highly economically tied to France. Therefore, because the luxury industry is so tied into French culture and way of life, it may be difficult

for people to be aware of and take into consideration something like sustainability, which traditionally runs counter to luxury, into their cultural capital as well.

Luxury goods are a way of showing success; however, the definition of success is changing throughout the world. Many people are searching for more value within the products they buy and as such they demand goods that are more ethical and responsible. One possible reason why the French do not demand as much sustainable responsibility is that their definition of success is still very tied into luxury goods, as deemed by their culture.

Professor Witte has also spoken about several cultural “stereotypes” of the French. One of these typical French attributes is resistance to change. There is a relatively high degree of uncertainty avoidance and ambiguity within the French culture that leads to strict adherence to rules and norms. These factors, compounded with the penchant for formality, structure, materialism and familialism leads to a negative function of society that cannot last (Witte, Social Capital Presentation - Types of Capital, 2009).

8. SURVEY OF FRENCH AND CANADIAN SUSTAINABILITY PERCEPTIONS

To delve further into this subject and find out whether there is actually less consideration for sustainability when making purchase decisions and conducting everyday life, I conducted a survey of 15 French citizens and 25 Canadian citizens (Figure 6). The intention behind this survey was to get an idea about views on sustainability and get some firsthand reactions from people about luxury and sustainability.

Figure 6: Survey: Consumer Perspectives on Sustainability (English)

1. How often do you shop for luxury goods?				
Very often	Somewhat often	Sometimes	Not very often	Never
2. How important is it to you to have luxury goods?				
Very important	Somewhat important	Neutral	Not that important	Not important at all
3. When shopping, are you concerned about the social/environmental practices of the company?				
Very concerned	Somewhat concerned	Neutral	Not that concerned	It doesn't matter to me
4. How strongly do you believe that companies should have Corporate Social Responsibility Reports/Transparency?				
Very strongly	Somewhat strongly	Neutral	Not that strongly	It doesn't matter to me
5. How aware and knowledgeable are you of environmental/social issues in the world (eg. Child labour, global warming, poverty, environmental degradation, etc.)?				
Very informed	Somewhat informed	Not well informed	It doesn't bother me	
6. Where do you learn the most about environmental and social issues?				
Friends and Family	School	Work	News and the Media	My own research
7. Would you buy a product that you wanted even if you knew that it was bad for the environment or that it was socially harmful (ie. child labour)?				
Yes certainly	Probably yes	I would have to think about it	Probably not	Definitely not
8. Ideally, where would be your first choice in places to shop?				
1. A luxury store with a poor environmental or social reputation/practices				
2. A semi-high end store with decent environmental or social reputation/practices				
3. A semi-high end store with decent environmental or social reputation/practices				
4. A semi-high end store with decent environmental or social reputation/practices				
9. How much does the issue of sustainability influence your daily life?				

The overall results from the French respondents who were surveyed represent more of a passive attitude towards sustainability. For example, 73.33% of respondents said they were “Not that concerned” or “It doesn’t matter to me” on the subject of whether they were concerned about the social and environmental practices of companies while shopping. This is as opposed to 68% of Canadian respondents who said they were “Somewhat concerned” or “Very concerned”. Further more, when asked the question, “How aware and knowledgeable are you of environmental and social issues in the world?”, 96% of Canadian respondents answered “Somewhat informed” or “Very informed” as opposed to only 60% of French respondents who answered the same way.

Furthermore, when asked the question, “How aware and knowledgeable are you of environmental and social issues in the world?”, 96% of Canadian respondents answered “Somewhat informed” or “Very informed” as opposed to only 60% of French respondents who answered the same way.

Further evidence that points to more concern for society and the environment when making purchase decisions within Canada can be seen in Figure 7. Figure 7 shows the responses to Question 7 and suggests that Canadian respondents tend to need to think about purchase decisions when the product or company is bad for the environment or socially harmful. In addition to needing to think about the decision, another 44% of Canadian respondents answered “Probably not” or “Definitely not” as opposed to only 26.7% of French respondents. On the other hand, the majority of French respondents said they would “Certainly” or “Probably” buy the product. These two responses only made up for 16% of Canadian answers.

Figure 7: Survey: Question 7 Results

Canadian Responses

7. Would you buy a product that you wanted even if you knew that it was bad for the environment or that it was socially harmful (ie. child labour)?		Create Chart	Download
		Response Percent	Response Count
Yes certainly	<input type="checkbox"/>	4.0%	1
Probably	<input type="checkbox"/>	12.0%	3
I would have to think about it	<input type="checkbox"/>	40.0%	10
Probably not	<input type="checkbox"/>	28.0%	7
Definitely not	<input type="checkbox"/>	16.0%	4
answered question			25
skipped question			0

French Responses

7. Achèteriez-vous un produit que vous avez voulu même si vous savez qu'il était mauvais pour l'environnement ou ait été socialement nocif ? [Create Chart](#) [Download](#)

		Response Percent	Response Count
Oui certainement		33.3%	5
Oui probablement		26.7%	4
Je devrais penser cela		13.3%	2
Probablement pas		20.0%	3
Certainement pas		6.7%	1
		answered question	15
		skipped question	0

In regards to how strongly they believe that companies should have CSR reports, the majority of respondents from both countries answered “Somewhat strongly” or “Very strongly” although there were more respondents in Canada that leaned towards “Very strongly”. This does show evidence that French consumers believe that companies should be more sustainable but they do not seem to demand it from them when purchasing.

On the final question regarding how much sustainability affects their daily lives, most French respondents answered “Pas beaucoup (Not a lot)” or “Aucune influence (No influence)”. On the other hand, most Canadians answered with a variation of “I try to make sure to take it into account when making purchases and personal decision(s)” or “I am starting to realize that I should be more aware of it in my daily life. So right now it doesn't influence it that much, but it probably should.”

These results demonstrate less French awareness and concern for sustainability and the environmental and social reputations of companies. Although these results are only from a small population, they do draw attention to the idea that there is not as much consumer demand for sustainability from businesses.

Nonetheless, overall the survey’s results show more awareness than originally hypothesized. This may be due to the fact that many of the respondents were students. This highlights the idea that young people all over the world are beginning to be aware of sustainable development, even in France.

In a recent survey, New York research firm the Luxury Institute, found that “Younger and more-affluent consumers seek information about corporate social responsibility more actively than their older and less well-off counterparts.” The Luxury Institute’s CEO, Milton Pedraza, stated, “Young consumers believe that caring about the environment is how you create a meaningful life.”

Since young people today are much more globalized than older generations, through social media, etc, there is a faster dissemination of knowledge. Therefore, it isn’t shocking that young people are the ones to become more aware of these issues because they are being highlighted in many of the media outlets they turn to such as MTV and Facebook. As a result, young, affluent consumers may be a prime market for luxury companies to target in order to spread the idea and demand for sustainability.

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