

Research on the Sustainability of Environmental Protection of Fashion Brands

-- Take Louis Vuitton as an Example

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Abstract: By examining whether or not fashion behemoths like Louis Vuitton ought to keep continuing to use sustainable and ecologically friendly production methods, this article seeks to highlight the significance of sustainability for fashion businesses. It also seeks to persuade consumers to purchase eco-friendly clothing. I started by outlining Louis Vuitton's history. Then I enumerated the many objectives set by Louis Vuitton and the sustainable product innovations they are actively adopting. I then examined whether Louis Vuitton should keep using green production methods using two business tools, SWOT and STEEPLE. Analysis of these two viewpoints allows us to assess Louis Vuitton's own compliance with its obligations as well as the external social environment's attitude toward sustainable fashion and its development. Finally, after performing the study, it is clear that businesses in the fashion sector as a whole must create ecologically friendly and sustainable production methods in addition to Louis Vuitton continuing its environmental protection efforts.

Keywords: Sustainability; Fashion; Environmental Protection.

1. Introduction

1.1. Company History

Eastern France's Franche-Comte is where Louis Vuitton was born. In 1852, he invented a flat-topped square leather bag, was appointed the Queen's royal bundler, and has since been active in high society. Louis Vuitton's consumer base and reputation were built through this occurrence. Louis Vuitton established the first trunk shop in Paris in 1854 under his own name. The earliest panels of Louis Vuitton trunks were made of gray canvas. The pricing and quality of their suitcase are fairly high and meticulous, which should be accounted as premium products. Their vision has always been built on a "travel philosophy" that prioritizes class, craftsmanship, and comfort. In 1996 Louis Vuitton joined the Mot Hennessy Louis Vuitton Group (LVMH Group) as the business grew. Since then, Louis Vuitton has expanded beyond the mass production of its iconic, high-quality bags to include ventures into the fashion, watch, and jewelry sectors. We may perceive this as product development for Louis Vuitton based on the Ansoff matrix. With the launch of departments for footwear, jewelry, accessories, and men's and women's ready-to-wear in 1998, Louis Vuitton became a fully-fledged fashion house.

1.2. Louis Vuitton's Sustainability

A business must take into account more than only the sales of its goods and its own profits in order to have the prospect of sustainable development. Additionally, it has to take on social responsibility and work to benefit society. Therefore, it can coexist with the rest of the world, adored and supported by the public and the government. These days, the environmental protection issue is what Louis Vuitton has the greatest worries about. Louis Vuitton has unveiled a thorough strategy and arrangement to address the issue of the environmental pollution that the brand is responsible for. Can these environmental initiatives and practices actually assist

Louis to preserve its own sustainability? The subject matter will be examined in this essay.

1.3. Objectives

Louis Vuitton has just set a challenging aim, pledging a 55% decrease in emissions by 2030 (compared to 2018), in keeping with the 2015 Paris Agreement objective of limiting global warming to an average of 1.5 degrees Celsius. The aims have been divided into two sections

- A 55% reduction in CO₂ emissions from energy consumption at business locations

- 55% reduction in CO₂ emissions per product sold

Their aims are related to one of the key concepts in business management, sustainability. Sustainability refers to protecting the natural resources, environment, and ecosystem in the world while making profits. Louis Vuitton is keeping progress to achieve such objectives.

2. Methodology

Since Louis Vuitton had expanded into so many fields of fashion. They had done this separately and targeted sustainability methodology for each type of product.

2.1. Shoes

"For the upper, an impressive blend of recycled polyester and a corn-based plastic material is displayed; the laces are made from used plastic." [2]

2.2. Bag

"Details like chains and bag corners were constructed with 70% recycled plastic." [2]

2.3. Coat

"80% of leather coming from Leather Working Group-certified tanneries, and 67% of cotton certified by Global Organic Textile Standard (GOTS)." [2]

3. Market Research & Analysis

3.1. STEEPLE

Following I will use the STEEPLE analysis tool to evaluate whether the external environment is supportive for Louis Vuitton to keep maintain environmentally friendly materials during its production. STEEPLE is a tool for monitoring a business' s outside environment. It aids in teams' comprehension of phenomena and the creation of novel opportunities. Social, technical, economic, environmental, political, legal, and ethical are all abbreviations for STEEPLE. I would mainly focus on social, technical, and environmental aspects.

3.2. Social

“88% will be more loyal to a company that supports social or environmental issues. 87% would buy a product with a social and environmental benefit if given the opportunity.” [5]. According to the poll, consumers nowadays are more loyal to and identify with businesses that are dedicated to environmental sustainability. They also seem more willing to spend money with such businesses. Given the social aspect, operating an ecologically friendly business in such an atmosphere will draw in more clients. If Louis Vuitton keeps expanding its sustainable environmental initiative, it will undoubtedly improve the company's brand awareness and image. Ultimately become more unprofitable.

3.3. Technical

“An example of a lab-grown material which is gaining popularity is mycelium. Mycelium is a zero-waste product and is also biodegradable.” [4] The survey's findings demonstrate that other brands besides Louis Vuitton also take similar ecologically friendly and sustainable actions. More eco-friendly, recyclable, and sustainable textiles for clothes are being developed by several businesses and laboratories. In such situation, Louis Vuitton can purchase other firms' technologies or sharing techniques and a technical advance is the outcome. In the end, less time, effort, and money will be used to investigate sustainable fashion. Louis Vuitton will

therefore gain the ability to continue with sustainable fashion.

Apart from that some companies are now mastering stereoscopic 3D technology. “3D modelling is also available to determine the exact measurements and dimension of customers.” - [4] This technology allows the merchant to get the exact size of the customer before making the clothes, so the clothes will fit perfectly. Such technology prevents the problem of customers returning clothes that don't fit properly due to the fact that each manufacturer's sizes are different, thus creating unnecessary waste.

3.4. Environmental

“Every year, the fashion industry uses up such a massive amount of water that it could meet the needs of five million people.” [3] Every year, the fashion industry pollutes the environment in numerous manners. If things keep on at this rate, it won't be long before the ecology and the entire ecosystem are devastated. Louis Vuitton must keep up its sustainable environmental protection efforts in order to take social responsibility and create a pleasant ecological environment for the public.

3.5. SWOT

I'll now use the SWOT analysis to examine some of the circumstances at Louis Vuitton in further depth to determine if the company should keep using recycling and environmentally friendly materials. A SWOT analysis is a method for evaluating each of these aspects of your company. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats.

3.6. Strengths

Just like what I've analyzed in Methodology. Louis Vuitton has now mastered some usage of partially recycled, environmentally friendly materials in the production of its products. Furthermore, based on their Income statement Figure 1 below. We can see that even they are earning less net profit compared to last year. But they still gain 6,532 EUR millions in 2022. Hence they got the money to finance the creation and acquisition of recycling resources technology.

CONSOLIDATED INCOME STATEMENT

(EUR millions, except for earnings per share)	Notes	June 30, 2022	Dec. 31, 2021	June 30, 2021 ⁽¹⁾
Revenue	24	36,729	64,215	28,665
Cost of sales		(11,418)	(20,355)	(9,107)
Gross margin		25,311	43,860	19,558
Marketing and selling expenses		(12,701)	(22,308)	(9,808)
General and administrative expenses		(2,378)	(4,414)	(2,108)
Income/(Loss) from joint ventures and associates	8	3	13	(21)
Profit from recurring operations	24	10,235	17,151	7,621
Other operating income and expenses	25	(108)	4	(34)
Operating profit		10,127	17,155	7,587
Cost of net financial debt		2	41	22
Interest on lease liabilities		(116)	(242)	(127)
Other financial income and expenses		(684)	254	117
Net financial income/(expense)	26	(798)	53	12
Income taxes	27	(2,385)	(4,510)	(2,012)
Net profit before minority interests		6,944	12,698	5,587
Minority interests	18	(412)	(662)	(287)
Net profit, Group share		6,532	12,036	5,300
Basic Group share of net earnings per share (EUR)	28	12.99	23.90	10.52
Number of shares on which the calculation is based		502,671,209	503,627,708	503,791,062
Diluted Group share of net earnings per share (EUR)	28	12.99	23.89	10.52
Number of shares on which the calculation is based		503,023,246	503,895,592	504,030,160

Figure 1. Louis Vuitton's Consolidated Income Statement [1]

3.7. Weaknesses

Louis Vuitton's current technology is still not enough and not perfect. They don't have enough technology to use recycled materials in every product. The most essential point is that Louis Vuitton lacks the technology to produce renewable leather. The company's best-selling items are leather products, like leather purses, wallets, travel bags, etc. Their unique selling point would be lost if they stopped making leather like other businesses. The positioning and market share of the entire firm might be impacted by such a product change.

Not only that Louis Vuitton's ongoing manufacture of leather goods would cause people to doubt Louis' dedication to ensuring the sustainability of the environment in a time when other rivals are giving up on leather items.

Moreover, Louis Vuitton isn't following the environmental program it promised to follow the various goals it set in real-

time. "The environmental group behind this protest claims Louis Vuitton is not living up to its promises" [3] Their decision to violate their promise in this manner aroused the populace's ire and rebellion. At the same time, it runs the risk of losing patronage.

Additionally, as can be seen from LV's official annual report, the continuing LIFE 360 sustainability initiative has yielded only minor gains. By 2026, they want to have completely eliminated the use of fossil-based virgin plastics in packaging, however as you can see from Figure 2 below, despite their best efforts, they were only able to lower it by 690 in the entire year 2021–2022. With this rate, the amount may be decreased from 2022 to 2026 by about 2,760 units. This indicates that Louis Vuitton will continue to use almost 5182 units of virgin polymers derived from fossil fuels in packaging in 2026, while the other data demonstrates that Louis Vuitton's present performance is significantly behind what it had intended to achieve.

2.2.5 Summary of LIFE 360 "Circular Design" achievements in 2022

Objectives	Performance in 2022	Performance in 2021	Target
Zero fossil-based virgin plastics in packaging that reaches customers			
Quantity of fossil-based virgin plastics in packaging that reaches customers (in metric tons)	7,942	8,632	0 (2026)
70% recycled materials in packaging that reaches customers			
Percentage of recycled materials in customer packaging for glass and plastic (by weight) ^(a)	39%	38% ^(b)	70% (2030)
Presence of ISO 14001-compliant environmental management systems (at manufacturing sites and distribution hubs)	74%	70%	100% (2026)

(a) Data from a report currently under development.

(b) Data recalculated for 2021 as a result of an improvement in the calculation process at Domaine Chandon Argentina.

Figure 2. Louis Vuitton's LIFE 360 Achievements in 2022 [1]

3.8. Threats

I don't see any outside factors to stop or hinder Louis Vuitton from using recycling materials in their products.

3.9. Opportunities

As I said in the STEEPLE Technical part. Louis Vuitton has the opportunity to utilize the technologies already on the market and integrate them into the manufacturing of its own products by developing renewable and recyclable materials for the manufacture of various clothes. Additionally, LVMH is searching for chances for cross-brand cooperation, such as substituting hazardous materials in the fashion supply chain with trash from the champagne supply chain.

4. Conclusion

Due to the infancy of the technology and the restricted amount of production, Louis Vuitton may not be able to satisfy client demand if they continue to use renewable and ecologically friendly materials in the manufacture of their products. In addition to Louis Vuitton's refusal to abandon leather, they are now establishing lofty environmental objectives that will be met by utilizing recycled materials. It would have been preferable for them to forgo looking into the possibility of making their products from recycled materials. However, Louis Vuitton cannot sidestep the challenge of using recycled materials in its manufacturing given the current market trends and the fact that customers' purchasing habits are changing by the company's commitment to the environment. Louis Vuitton has the financial and personnel

resources necessary to accomplish so. The coexistence of humans and the earth is what matters most. In addition to growing profit, Louis Vuitton ought to safeguard the environment and avoid overusing resources provide by earth. Devastation done by human to the environment will ultimately boomerang back to us. Therefore, Louis Vuitton should continue to use recycled, environmentally friendly materials in the production of its products to maintain its sustainability.

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