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LVMH joins COP21 conversation via sustainability practice overview

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LVMH environmental causes image

By JEN KING

While world leaders gather in Paris to discuss climate change, French luxury conglomerate LVMH saw an opportunity to tout its sustainability practices while the world narrows its lens on the topic.

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Shared in a series of posts on its corporate social account on Facebook, LVMH offered insights into various programs and strategies implemented by the conglomerate and brands found within its stable, which includes Louis Vuitton, Bulgari and many others. Transparency has become a necessity as consumers are increasingly aware of and concerned about how and where the products they buy are made and the social and environmental impact they may have.

"In all fairness LVMH is a holding company and they produce a sustainability report once a year through which they share their practices," said Diana Verde Nieto, co-founder of **Positive Luxury**, London. "Moreover, LVMH's brand stable has started to share the positive steps they are taking in minimizing their environmental footprint whilst maximizing their impact in society, including the communities they operate, their suppliers and employees.

"Communicating brands' sustainability journey openly and honestly will deliver better consumer engagement, foster loyalty and engage trust," she said. "Nowadays there is a real business case for sustainability practices, especially if those practices are embedded in the corporate strategy of the business and not as an addition.

"This is especially true for the luxury industry as, for one example, it is essential that they contribute to keep global temperature below 35 degrees Fahrenheit, as raw material quality is critical to create premium products and some of these materials derive from ecological processes that can be easily disrupted by climate change."

Ms. Verde Nieto is not affiliated with LVMH or any of its brands, but agreed to comment as an industry expert.

LVMH was unable to comment directly.

Kermit was wrong: It is easy being green

LVMH's attention to environmental sustainability causes comes as world leaders meet in Paris for the COP21 Climate Change Conference, held this year in Paris Nov. 30 through Dec. 11. As a French conglomerate showing solidarity in a global cause, one that is likely on the minds of local and international consumers, LVMH will show itself in a conscious, forward-thinking light.

The conglomerate started its transparency effort a little less than a month before the start of the COP21 Climate Change Conference with the announcement of its Internal Carbon Fund, a group-wide fund aimed at reducing the impact its operations have on the planet.

A first for the company, the \$5.8 million initiative places a monetary value on the greenhouse gas emissions produced through its activities and will then put that amount to work within its organization, making investments that will lower the amount of carbon released into the environment. LVMH's goal is to create a "virtuous cycle" that will create ecological progress across its stable of houses.

Starting in 2016, all of the 70 LVMH brands will contribute funding to the initiative, with the amount invested based on their respective emissions ([see story](#)).

LVMH internal carbon fund: a 1-minute tour

In subsequent posts, LVMH has taken a look at various aspects of its business such as its retail spaces' use of energy and green transportation in terms of manufacture and delivery. For each topic, LVMH presented case studies of its brands to demonstrate its sincerity for sustainability practices.

For its priority on improving energy performance of LVMH retail spaces, the conglomerate cited Bulgari, Dior and Sephora as examples. LVMH explains that some 70 percent of its greenhouse gas emissions are caused by energy consumption at the group's stores, which span more than a million square meters of retail space worldwide.

Group wide LVMH has switched light fixtures to LED bulbs cutting energy consumption by an average of 30 percent in comparison to traditional lighting. The LVMH Lighting program was launched in 2012.

Christian Dior has taken action in this realm with all new stores using LED lights and lighting technology solutions that limit the amount of electricity wasted. LVMH also encourages stores to turn out the lights when stores are not open.

Similarly, Bulgari's renovation of its Rome flagship was done so using sustainable construction and renovation work to lessen the environmental impact. The boutique has installed all-LED lighting causing its energy consumption to be reduced by nearly 40 percent.



Bulgari's flagship in Rome

In its following article, LVMH concentrates on the importance of green mobility, citing that COP21 delegates will be transported to meetings via electric vehicles. At LVMH its spirits brands Hennessy and Mot & Chandon have programs that confirm the conglomerate's conviction for fighting climate change.

At Hennessy, the cognac-maker started acquiring green vehicles and delivery trucks in 2011 and now operates the largest fleet of electric automobiles in any private business in France. Acknowledging that electric automobiles would cut CO2 emissions by 80 percent, Hennessy's fleet is 80 percent Renault and BMW electric vehicles.

Likewise, Mot & Chandon took a electric view on production by adding a fourth T4E electric tractor to its fleet as a way to eliminate emissions and protect its vineyards. Designed by Champagne firm Kremer Energie, the T4E is the first tractor that is 100 percent electric.



Moët & Chandon T4E electric tractor

Lastly, LVMH shared how over the last 20 years the group has focused attention on making delivery practices more environmentally sound. Examples of brands that have combined "operational performance and environmental excellence" include Louis Vuitton, Guerlain and Sephora.

LVMH offered insights on how its fragrance brands opt for maritime transportation rather than shipments via planes. Between 2014 and 2015, LVMH's use of maritime delivery instead of air transport for fragrance brands rose from 56.6 percent to 63.7 percent.

Similarly, Guerlain uses zero emission road transportation to stock products in its 17 boutiques in Paris. By doing so, Guerlain has eliminated seven metric tons of CO2 emissions. In a comparable move, Parfums Christian Dior uses transportation service Valet that uses natural gas-powered trucks for deliveries around Paris.



Guerlain green delivery illustration

Cause communications

Throughout the year brands should strive to be transparent with consumers about sustainability practices. By doing so, consumers will feel a sense of ease and place trust in the product developed by brands led by large conglomerates and those privately owned.

French luxury conglomerate Kering is often outspoken about its environmental efforts.

Recently, Kering is helping the world visualize its environmental impact with an interactive environmental profit and loss statement.

Kering's results page on the conglomerate's Web site contains a grid depicting the various steps in production and environmental categories in which it could make an impact, with each square containing a circle in relation to the impact that has been made. Kering's transparency shows its dedication and the steps it has taken while also helping other companies to examine where they can make changes one step at a time ([see story](#)).

"I think we are entering a new era where we are moving from consumer to citizenship - it's not about purchasing 'stuff,' it's about caring about what we buy and the experience it delivers," Ms. Verde Nieto said.

"As the definition of luxury has also changed, with millennial's living through the screen,' it's obvious that there is no place for brands to hide," she said. "People, specifically young and wealthy citizens, are buying from brands that represent their values.

"It's increasingly more important for people to be able to tell a story about the brand and/or the product they are purchasing that goes beyond the product benefit. This is the very reason why telling the brand's story about craftsmanship, quality, provenance and how the brand is a force for good, is increasingly important."

Final Take

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