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LUXURY CONSUMPTION AND SUSTAINABILITY

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INTRODUCTION

Until recently, the terms “sustainability” and “luxury” were considered as non-compatible, or even as two opposite concepts. The general trend was, namely, that a “one-of-a-kind” luxury product did not require a “sustainable” positioning to improve sales. Luxury brands realized, however, that many consumers with high purchasing power were paying more attention to the environment. A shift in the paradigm is therefore taking place: luxury brands are turning to sustainability and the concept of “sustainable luxury” is emerging. But: what do the terms “luxury” and “sustainable” mean?

Luxury has two characteristics: high quality and price level on one hand, and supply scarcity on the other. Sustainability is made up of three principal dimensions: one refers to environmental impact, another to economical impact, and finally there is the social dimension. To be part of this exclusive category a product should be expensive, high quality, with reduced environmental impact, and have beneficial effects in social terms: a result that, for an ordinary product, is not easily obtained. Consumers have radically evolved in their purchasing behaviour, they are looking for the meaning and the added worth of a valuable asset, for owning a luxury good is no longer enough. It is clear that consumers are looking with increasing emphasis for luxury brands produced by ethical and socially responsible companies. It is therefore inevitable that in the years to come companies will have to be committed to a transformation process of their business models towards more sustainable models. This could once have been a

strategic choice, often caused by communication motivations; now, it is a condition for their survival on the market. This implies that they rethink the way the organizational functions operate, from supply chain to production, to finance. Among these, marketing is probably that which, more than others, must rethink the way it operates because if it is true that in many cases the blue economy implies a substantial decrease in consumption, the marketing of a sustainable company has to preserve the balance of economy, society and environment not only at the moment of consumption, but also in the long term. Customer satisfaction is not the only stimulus through which a competitive advantage can be obtained. In order to ensure the satisfaction of the whole community of consumers marketing managers are changing their approach, moving toward sustainable marketing. The importance of sustainability grows significantly, the definition of new business models and new organizational solutions to generate sustainable supply proposals can be a vector for development of brands of luxury markets that are able to convey a “sustainable luxury” concept (Kapferer, 2012). Companies involved in luxury supply must, therefore, understand the motivations and behaviors of these new consumers. The concept of sustainability extended to the luxury market is an extremely present concept, and one which is of great interest to researchers and managers, though various pieces of research have failed to reach a univocal conclusion thus far. On the basis of the analysis of luxury and sustainability concepts, the present study represents the introductory part of a research project aimed at studying the actual existence of a connection between luxury and sustainability and the potential

motivations that cause the purchase of sustainable luxury products. In the first chapter, the current situation of the luxury market will be described, indicating the trends relating to the consumption of luxury goods and its transformation, before going on to provide an analysis of the consumer. In the second chapter the theoretical reference framework will be exposed, giving a definition of sustainability, before concentrating on the effects that it can have on consumers' purchasing choices and on those factors that have an influence on critical consumption, such as situational or individual characteristics, values or even the gap between attitude and behaviour in this kind of consumption. We will then highlight the importance of sustainability for companies and finally the analysis will shift to products of interest for our survey, that is luxury goods in respect to sustainability and the way companies in these markets are facing up to this issue. In the third chapter, we shall describe our empirical research, the achievement of the objective of this research, which is the generation of consumers' means-end chains concerning the purchase of sustainable luxury goods. In this model the product is not, therefore, chosen and purchased for itself, but for the meaning that this object acquires in the mind of a consumer (Nielsen, Bech-Larsen, and Grunert, 1998). Our second objective was to consider those consumers with a great need for status on one hand and those with a low need for status on the other, in order to compare the motivations that cause the purchase of sustainable luxury goods. In the last chapter, we interview an important manager of a luxury sector and provide analysis of five luxury companies, in

order to see how companies consider and communicate their attention on sustainability, and determine whether it is a key factor for success.

CHAPTER 1

LUXURY MARKET AND CONSUMER BEHAVIOR

1.1. The Luxury Market

The market of luxury goods has shown significant changes in the last two decades, which has led to an increase in consumption globally. The phenomenon of globalization has caused an increased availability of goods all over the world and furthermore the increase of spending power of individuals within each market has increased the potential consumer base. The pattern of geographic markets is also different from the past. Beyond mature markets such as Europe, the US, and Japan, which have always been the key objective for the sector, now there are also the emerging BRIC markets (Brazil, Russia, India and China), not to mention the Middle East and South Korea, which have played an important role during the last five years.

An expanding global middle class in emerging markets has supported growth in the luxury sector and is projected to continue fuelling growth through to 2018. According to Euromonitor, the emerging markets of Pacific Asia, Latin America, the Middle East and Africa accounted for a combined 9 % of the luxury market in 2008. This figure jumped to 19 percent in 2013 and is projected to grow to 25 % in 2025, driven by the combined forces of urbanization, economic development and a love for luxury.

The market today proceeds towards a greater maturity and stabilization

with a trend of continuity in real terms, slower, but steady: that is the ‘new normality’ of the global luxury market in 2014 – and potentially beyond, which is conforming to lower, but more sustainable long-term growth. 2014 was a year of change for the international business of fashion and luxury. According to the Fashion and Luxury Insight¹, there are three events that mark the year:

1. A slowdown of store growth: the increase of store openings is the lowest since 2006, only 1%, and revenue growth (up 5.9%) is completely due to the recovery of efficiency. Companies focus on restructuring and optimization of the network rather than expansion, investing more in store network (7.5% vs 3.8%).
2. For the first time the best result in ROI, asset turnover, investment and cumulative rates growth are achieved from middle company (revenue between 1.5 and 5 billion Euros).
3. The Luxury market is once again the most profitable, despite a below average growth. (+4,3% against +6,3%).

Despite consumption reduction and financial distress in some key areas of the world, the global luxury goods market doesn’t stop its growth surpassing the threshold of 1,000 billion euros in 2015. Consumption growth in 2015 is 2%, except for Russia. We observe a positive growth of the main geographic market, with Europe rising by 5% at constant rates, and Japan confirming to be growth champion (+9%) thanks to a

¹The annual report by SDA Bocconi and Altagamma that analyzes the financial statements of international companies listed with turnover of over 200 billion euros, an ever-expanding universe that has passed this year to 87 units from 79 in the previous year.

new local consumer confidence and to Chinese tourism. Consumption in America remains stable (0%). The Chinese market is slightly down (-2%), but the consumption of luxury goods remains the highest in the world, with a 31% share of the total. As far as sales channels are concerned, retail continues to gain share reaching 34% of the total market in 2015 (+ 20%). There is also significant growth of online channels (+ 40%) and outlets (+ 35%). Jewelry (+ 6%) is the fastest growing product category, and is considered a safe investment by consumers around the world, followed by footwear (+ 4%). Apart from a decline in watches (-6%), the other categories are growing moderately. Tourist flows are increasingly important for the geography of consumption. Indeed, in the first nine months of the year Italy showed an increase of tax-free shopping by 19% over the same period of 2014. But growth rates in double figures are also recorded in the main European markets, with the exception of Great Britain, which includes the currency effect. The forecasts for 2016 indicate that growth commensurate with the "new normal" of global consumption of the luxury market, with an average increase estimated at + 3% / + 3.5%.

Table 1.1. *Financial Index*

<u>Index</u>	<u>Sector Average</u>
<u>Revenue Growth</u>	5,90%
<u>ROI</u>	13%
<u>ROE</u>	9,40%
<u>Ebit</u>	11,40%
<u>Asset Turnover Ebitda</u>	1,2
<u>Ebitda</u>	14,70%
<u>Net Cash Flow on Revenue</u>	10,50%

Source: Fondazione and Bain&Company. Worldwide Markets Monitor (2015).

According to Armando Bianchi, Vice-President of Fondazione Altagamma "a trillion euros of world consumption is an important achievement for the industry of luxury. European companies make excellent financial achievements, but moderation needs to be imposed: increasing profitability, managing liquidity with great discipline and reducing capital cost, are the policies that companies Altagamma around the world applied in 2014, in 2015 and also predictably, in 2016 " (Fondazione Altagamma, 2015)

Table 1.2. *The outlook for the high-end sector in 2016*

<u>Products</u>	2016
<u>Apparel</u>	3,00%
<u>Art de la Table</u>	2,00%
<u>Jewelry, Watches, Pens and Lighters</u>	3,00%
<u>Leather, shoes and accessorise</u>	4,00%

<u>Markets</u>	2016
<u>Europe</u>	4,00%
<u>North America</u>	3,00%
<u>Latin America</u>	1,00%
<u>Japan</u>	5,00%
<u>Asia</u>	2,00%
<u>Middle East</u>	3,00%
<u>Rest of the World</u>	3,00%

Source: Foundation and Bain&Company. Worldwide Markets Monitor (2014).

As it can be seen from the charts, 2016 will be another year of moderate growth. All markets are forecasted to grow in 2016 even at constant currencies. Europe and Japan are confirmed to be the fastest growing markets next year. North America is forecasted to grow at 3%.Latin America a bit less. Middle East still suffering the lack of Russian tourists.

1.2. Luxury Segmentations

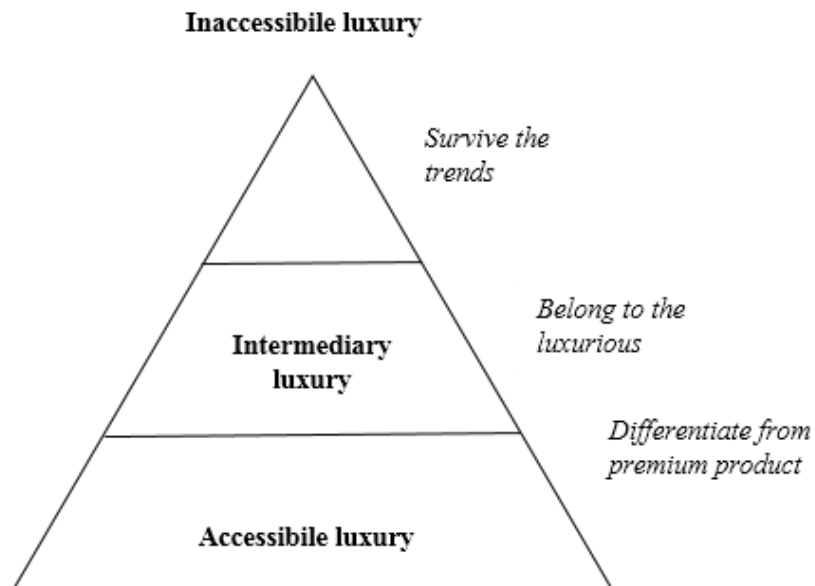
“How can “luxury” be defined?” The concept of luxury brands is a

very controversial issue for the modern world of goods and services consumption. The concept of luxury is difficult to define, because not only is a luxury product difficult to identify but is also hard to understand concepts such as premium products. The term luxury goods is almost always associated with other status words such as high prices, high quality, aesthetics, craftsmanship, innovation and rarity (Dubois and Czellar, 2002). However, this is a very strict luxury concept and it is very restrictive, moreover it doesn't really represent the term "luxury" nowadays. A luxury brand or product isn't only represented by its uniqueness and exclusiveness, it also comes together with creativeness and the emotional value perceived by its consumers (Catry , 2003; Hanna , 2004) .

Four main categories of luxury goods can be identified: Ready-to-wear, a category for women and men's apparel including selective fashion brands such as *Celine*, *Valentino* and *Chanel*; Jewelry & Watches, where brands sell their items in very specific jewelers or in their own stores; Perfumes & Cosmetics sold in selective distribution channels; Fashion Accessories, this category includes leather goods, handbags, shoes, belts, glasses, among others; Wine & Spirits, may be very expensive and sophisticated products, often gifts items and they are very distinctive from other beverages such as beer and soda. Luxury cars are very sophisticated with selective distribution and unique after-sales service; Hotels & Travel are all about experience and expectation, with an outstanding service, and Private Banking which offers incredible service though selective activity (Bain & Company, 2015).

According to Danielle Allèrès (1990), the luxury market can be divided into three different levels: inaccessible, intermediary, and accessible luxury.

Figure 1.1: *Allèrès's luxury pyramid*



Source: Allèrès (1990)Ward, Chiari, (2008).

The first point, inaccessible luxury, concerns exclusive, superior, very elitist products, sold at extremely high prices to rich consumers. This kind of luxury, however, is often less satisfactory for companies because of production costs that exceed the limited number of customers; it is more of an artistic creation than a business product. The second type of luxury, intermediary luxury, is targeted to a wider range of consumer; such products gain inspiration in their brand and style from the inaccessible ones and are selectively distributed at a significant price. Finally, the third type of luxury, the category of accessible luxury, includes a wider range of product types and

consumers. It consists, namely, of a “serial luxury, conceived and distributed on a larger scale, and available to less wealthy social classes, still belonging to the luxury sector” (Brioschi, 2000). A similar division was also noted by Kapferer (2009), who distinguished between Griffe, Luxury brands and high range products, and underlined the role of “social marker of luxury”. “Anything in society that may indicate their own social status is liable to become a luxury product and at the same time, anything that stops marking individuals socially, automatically loses its status”.

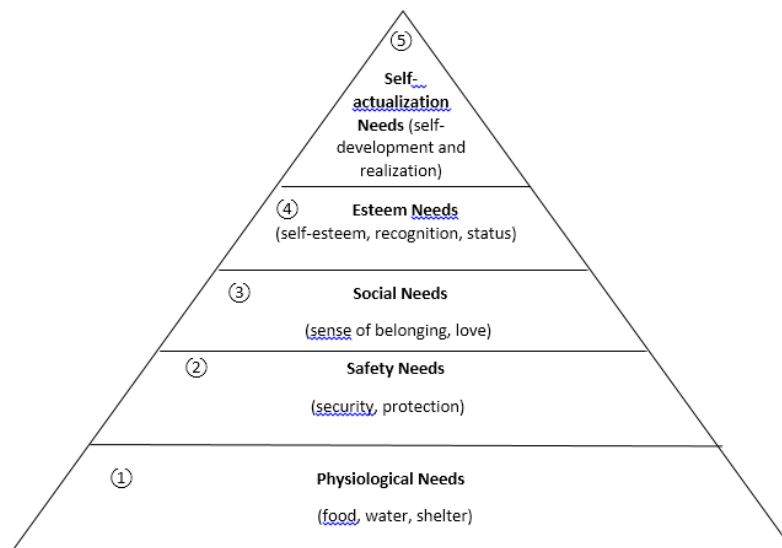
1.3.Luxury Consumption Behavior

Consumption behaviour can be identified as that decision-making process and action of people involved in the purchase and use of products. It is defined by the activities which a person performs in the selection, purchase and use of products and services to meet their needs.

The purchasing process generally described in literature presents a series of steps performed by individuals: perception of a need, information search, evaluation of alternatives, purchase, ex post evaluation. For a better understanding of the link between the concept of luxury and need, we can refer to Maslow's hierarchy of needs (1954). People express different needs in different moments and this hierarchy of needs includes five motivational needs, often depicted as hierarchical levels within a pyramid. This five stage model can be

divided into physiological needs, safety, social, esteem and self-realization. Each person will try to satisfy first the basic needs and once they are met, they are no longer a push to action. The focus then will shift to the satisfaction of the needs shown from time to time as follows.

Figure 1.2: *Maslow's hierarchy of needs*



Source: Tartaglia (2006).

Observing the sequence of needs, it is possible to note that luxury, contrary to what one might have thought, is not positioned at the top of the pyramid, other needs are. The social subject of the consumption of luxury with a sense of belonging is exactly at the halfway point of Maslow's pyramid. Luxury also concerns needs of esteem, recognition, status and self-realization. From this, we can understand how luxury goods, despite their superfluity, are able to absolutely satisfy needs that are neither marginal nor irrelevant. Luxury appears less frivolous and

more connected to human nature than most people realize (MarinozziG; Tartaglia A, 2006)², thus luxury goods are products that are able to attribute a status of prestige to those who can enjoy them. They are characterized by excellent quality, high price, high exclusivity and emotional character and an element of involvement that goes with the act of buying and the possession of the property (Brioschi, 2000). What has always distinguished this process for luxury goods is that individuals are guided in their choice not so much by reason derived from careful analysis of the information obtained, but by their emotions. Emotion is therefore the fundamental driver that steers the purchase of luxury goods and which the brand must be able to appeal to, considering that during the purchasing process the consumer is influenced by psychological, personal and socio-cultural factors. The behaviour of consumption of luxury goods and the motivations behind this type of purchase have undergone several changes over time and, as we have seen in the luxury market, they have also been influenced in their evolution by socio-cultural changes and economic factors that have followed one another. Over the years, the doctrine that has tried to define the concept of luxury has also been interested in the study of the purchase behaviour of luxury goods; as we will see, the two objects of analysis are obviously connected and overlap each other. Therefore, as already detailed in literature (Hudders, 2012; Vigernon and Johnson, 1999; O'Cass and McEwen, 2004; Truong et al, 2008, Hirschman, Holbrook, 1982; Holbrook, Hirschman, 1982; Danziger, 2005;

²A report made at European (www.fao.org) indicates that with the increase in personal income, the share of income spent for activities to meet the needs

Silverstein, M. J., & Fiske, 2003), they can be divided into:

- Forms of ostentatious consumption,
- Forms of hedonistic consumption,
- Democratization of luxury,
- Trading up in luxury.

Through a short explanation of these forms, it will therefore be possible to see how the consumer behaviour regarding luxury goods, from the twentieth century and up to this day, has shown a major trend change, at least in mature markets. This does not apply to emerging markets, since, over time, the purchase of luxury goods has become something that helps the individual to gratify themselves rather than to impress others. Behaviours of ostentatious consumption, also referred to as ethero-referred luxury, are classified into three basic types by Leibeinstein (1950), whose examination of this phenomenon identifies the 'Veblen' effect whereby demand for a good rises because its price is higher rather than lower, plus two forms of interpersonal effects of conspicuous consumption: the 'snob' effect, where the demand for a good falls as the number of buyers increases, since 'snobs' desire to be different and exclusive and therefore dissociate themselves from the masses; and the 'bandwagon' effect, where demand for a good increases because consumers follow others in their reference groups who have already purchased that good. Beside these forms of ostentatious consumption of luxury we can find, on the other hand, hedonistic forms of consumption that can be ascribed to the theories of

recreational shopping and hedonistic consumption (self-referred luxury). The theory of recreational shopping defines recreational shoppers as people who enjoy shopping as a leisure activity. These individuals typically browse in retail outlets without immediate purchase in mind. They have higher interest in the knowledge of the class of product concerned than non-browsers do (Bloch and Richins 1983). They are likely to be engaged in active shopping as a means of seeking information on merchandise, price quality, and fashion trends (Bellenger and Korgaonkar 1980). In their active shopping tendencies, recreational shoppers are similar to involved consumers but differ in their motivation for active shopping. To them, the enjoyment of shopping is of primary importance, while obtaining optimal value from purchasing is an additional benefit. Empirical research has demonstrated that recreational shopping has a strong relationship with consumer behaviour. The theory of hedonic consumption (Hirschman, Holbrook, 1982; Holbrook, Hirschman, 1982), however, helps to position the emotional dimension at the center of the buying process and consequently the capacity of goods (especially luxury goods) to arouse feelings in that sphere. According to this theory, consumers would be more interested in their feelings and their own sensation rather than for example in the importance of price as an indicator of prestige; to this regard Doubois and Laurent have emphasized that the emotional value associated with a product is actually an essential feature of the utility perceived in purchasing a luxury item. The two forms of consumption of luxury, the ostentatious and hedonistic ones just discussed, can be associated to two other "consumption needs",

which further divide the consumers of these types of goods: fashionable consumers and conservative consumers. The former are consumers looking constantly to modernity, obsessed with always being in step with the times and led by perennial changes of fashion trends. These consumers buy luxury products motivated by ostentation for the Veblen, snob and bandwagon effects, their consumption is not autonomous, always aimed at establishing itself, to stand out and to be accepted in comparison with others. Conservative consumers are individuals who consume luxury products in order to experience fulfillment and gratification, looking for excellent quality, craftsmanship, attention to detail and bonds with the local area and with tradition. Let us now examine the third group of theories regarding behaviour in the consumption of luxury products, the process of democratization of the luxury sector, or the ability to allow oneself the best that gradually spreads to an ever-growing number of social classes. This phenomenon comes from several elements; first, as Giampaolo Fabris underlines "there has been a strong and widespread desirability of luxury although frustrated by insufficient income that could transform goodwill in acts of purchase". Also Romano Cappellari analyzes that these behaviors are a direct result of some major trends, happening in recent decades in Western countries, which affect individuals and changing contemporary society at the same time. They are: increases in available income, changes in family structure and relating to the role of women, increase in consumers' education level, and hedonistic attitudes towards consumption. Moreover, if the '80s were a time when the consumption of luxury goods grew considerably

and luxury brands showed a general pattern of social achievement, from the nineties onwards, a process started that was opposite to that of the previous decade; we have namely moved to a kind of more self-expressive luxury, made of symbolism and reassurance. In socio-economic terms, when the mood of consumers is bound at a certain percentage to the marks of cynicism and chronic fear, luxury is a kind of consolation of society, and becomes a concentrate of pleasure capable of lifting the mood of the individual customer (Truchi, 2006). Overcoming ostentatious logic has allowed a “democratic luxury” to assert itself (Danziger, 2005), that is centered on a personal code rather than a social one. This produced sensitive changes in supply and demand dynamics: on the one hand many luxury companies started to make their products accessible to a wider audience than their traditional customers, on the other, consumers showed an increasing interest in premium products, although not necessarily with continuity (Dubois and Duquestane, 1993). This double pressure, both on demand and supply, made it possible for the emergence of a new group of consumers who Dubois and Laurent (1996) defined "excursionists of luxury" : “We argue that, under this double influence of supply-led and demand-led factors, a third type of luxury consumers has emerged. We call them "Excursionists" (Dubois et al., 1994) because, in contrast to the Excluded, who have basically no access to luxury goods, and to the Affluent, whose access is more or less permanent, often driven by a quest for secular immortality (Hirschman, 1990), their acquisition and consumption of luxury items is occasional. Excursionists buy and consume luxury goods only under specific circumstances. For them,

buying and consuming a luxury item is not an expression of their "art de vivre" but rather an exceptional moment, in sharp contrast with their daily life style. Even though difficult to estimate, the number of Excursionists seems to have increased in such proportions recently that they would now represent a sizable proportion of the population in industrialized countries. The result is a new concept in the contemporary era of luxury that is identified now as a time devoted to oneself and to their beloved ones, as authenticity, tradition and duration; less and less connected to the object in itself but oriented to the emotion and experience that it causes to live, luxury is a way of being more than a way to live. As in Corbellini and Saviolo (p.38 ,2007),"the real luxury is identified and will be more and more identified in future with the quality of life and with those brands that will contribute to it". Connected to the concept of "new luxury" appears to be the fourth and last line of theoretical positions regarding consumer behaviour: the trading up. The latter is based on the process of democratization of luxury that is defined by Silverstein and Fiske (2003) as "selective" trading up "by average consumers towards goods with a higher level of quality, taste and aspirations," which they call a "new luxury". In other words, it is the phenomenon according to which consumers are ready to buy products with a higher price, a premium price compared to their usual one.

From a recent analysis of the literature, two other categories of reasons for luxury goods consumption have emerged: on the one hand, external motivations, social and interpersonal; and, on the other hand,

internal motivations, subjective and reserved. External motivations (signal wealth) concern those cases where the goal is essentially that of publicly displaying luxury so as to affirm the consumer's status (see O'Cass and Frost, 2002) while internal motivations (self-reward) relate to luxury consumption based on emotions, state of mind and subjective sensations related to an individual's self-perception (see Vigneron and Johnson, 1999, 2004). In the first case, luxury is typically consumed for reasons related to ostentation, social positioning and status symbol accumulation (Fionda and Moore, 2009; Truong et al., 2008). In the second case, consumption involves more personal or cultural goals, related to the search for pleasure, originality, and perfection (Dubois and Duquesne, 1993; Vickers and Renand, 2003).

Table 1.3. *Study of the purchase behavior of luxury goods*

<u><i>Ostentatious consumption</i></u>	<u><i>Hedonistic consumption</i></u>	<u><i>Democratization of luxury</i></u>	<u><i>Trading up in luxury</i></u>
<p>The ‘Veblen’ effect whereby demand for a good rises because its price is higher rather than lower.</p> <p>The ‘Snob’ effect, where the demand for a good falls as the number of buyers increases, since snobs desire to be different and exclusive and therefore dissociate themselves from the masses.</p> <p>The ‘Bandwagon’ effect, where demand for a good increases because consumers follow others in their reference groups who have already purchased that good. (Leibenstein, 1950).</p>	<p>The Theory of recreational shopping defines the recreational shoppers as people who enjoy shopping as a leisure activity. These individuals typically browse in retail outlets without immediate purchase in mind. They have higher interest in the knowledge of product class concerned than non-browsers do (Bloch and Richins, 1983). shopping is means of seeking information on merchandise, price quality, and fashion trends (Bellenger and Korgaonkar, 1980).</p> <p>The Theory of hedonic consumption. According to this theory, consumers would be more interested in their feelings and their own sensation rather than for example in the importance of price as an indicator of prestige; (Dubois and Laurent, 1996)</p>	<p>This phenomenon comes from several elements:</p> <ul style="list-style-type: none"> - Increase in available income; change in family structure and in the role of women, increase in consumers’ education level, and hedonistic attitude towards consumption (Romano Cappellari,2008). -From the nineties on, we have namely moved to a kind of luxury more self-expressive, made of symbolism and reassurance (Truchi, 2006). - Excursionists of luxury” their acquisition and consumption of luxury items is occasional, buying and consuming a luxury item is not an expression of their "art de vivre" but rather an exceptional moment, in sharp contrast with their daily life style (Dubois et al., 1994) (Hirschman, 1990). 	<p>It is the phenomenon according which consumers are ready to buy products with a higher price (Silverstein and Fiske ,2003)</p>

*Source:*Leibenstein (1950), Bloch and Richins (1983), Bellenger and Korgaonkar(1980); Doubois and Laurent (1996,1994); Cappellari (2008),Turchi(2006); Hirschman (1990); Silverstein and Fiske (2003)

1.3.1. The Luxury Dichotomy: “externalized” Vs “internalized”

For Fournier luxury “is always composite”, it “continuously unites the internal and the external, aiming towards the most complex joy of the senses” (Paquot 2007, p.83). Contemporary social psychology principally defines luxury as the purchasing of luxury goods. The motivations in doing so can be linked to “external” factors, i.e. “interpersonal” (Groth e McDaniel, 1993), or “internal”, i.e “personal” (Serraf 1991, Dubois and Laurent 1996, Cornco and Jeanne 1997, Nyeck and Roux 2003, Tasi 2005). In the first case, the search for a luxury brand derives from a desire for the approval of others and is, therefore, influenced by third-party opinions. In the second case, however, greater reference is made to sensations and emotions (De Barnier, Rodina and Vallette-Florance 2006, Vigneron and Jonson 2004). The purchasing of luxury goods thus appears to be based on these two motivational areas, one of a “personal level” which satisfies one’s needs on the basis of preference, and the other of an “impersonal” level which highlights the need to belong to a group and “socially associate oneself”. We shall analyze these two dimensions more specifically:

Our attention shall now be turned to externalized luxury, i.e. luxury that is based on the visibility of the product and of the brand, when the consumer utilizes the luxury product to highlight their own

social position, purchasing products and brands that are widely advertised and recognized; it is the prestige to be gained from owning a certain product that is important in the minds of these consumers. The sphere of externalized luxury is mainly related to luxury intended as a form of ostentation (Corneo and Jeanne 1997, Dubois and Duquesne 1993; Dubois and Paternault 1995; Mason 2001; Nueno and Quelch 1998; O'Cass and Frost 2004; Truong et al. 2008; Vigneron and Johnson 1999), materialism and conspicuous consumption (Corneo and Jeanne 1997; Mason 2001; Phau and Prendergast 2001; Veblen [1899] 1994) and superfluosity (Berry 1994; Dubois, Laurent, and Czellar 2001). By ostentation, we refer to the behavior of those who exhibit something in order to arouse interest, admiration or even envy in other people. At the root of ostentation there is the wish to express one's economic status through the buying and showing off of expensive products. We speak of ostentatious luxury when the luxury product is purchased mainly because it has a high price and can be shown off. In this sense the consumer expresses the need to create a positive social image through the showy effects of their purchases (Eagly and Chiken 1993, Mandrik 1996, Sallot 2002, Tasi 2005). Ostentatious luxury is often associated with materialism. Consumers purchase luxury products in order to demonstrate their own status, convinced that happiness is to be found in the possession of such goods (Belk 1985; Park, Rabolt, and Jeon 2008; Richins and Dawson 1992). The practise of materialistic purchasing depends on a consumer's personality traits, but is also strongly influenced by the context in which they live, and the modern context is certainly fairly materialistic

(Amatulli and Guido 2009). “Superfluity” is another concept that is commonly associated with luxury (Berry 1994; Berthon et al. 2009; Dubois, Laurent, and Czellar 2001; Dubois and Paternault 1995; Kemp 1998; Twitchell 2002). According to Berry (1994), consumers tend to contrast luxury with the notion of necessity (Kemp 1998). A luxury product is not necessary for survival and does not display functional characteristics but bestows additional benefits of a different nature. Luxury appears as a set of elements that are defined as superfluous (Thomson 1987), especially when they assume the connotations of externalization and materialistic ostentation. Superfluity is among those six elements (together with excellent quality, high price, shortage, aesthetics and heritage) that, according to Dubois, Laurent, and Czellar (2001), help to structure the understanding of luxury. Thomson (1987) has defined luxuries as enjoyable products that are ‘by definition’ superfluous, and Berry (1994) has pointed out how luxury is superfluous in the sense that it is something we can do without. Externalized luxury has a social meaning while internalized luxury is more personal: the former has a ‘public aim’, while the latter has a ‘private aim’ (cf. Amatulli and Guido 2011; Bearden and Etzel 1982). While externalized luxury is exhibited, internalized luxury, on the contrary, is more individualized.

Internalized luxury is that which mostly seems to characterize the consumer of modern luxury, and is what Lipovetsky and Roux (2003) define as “*luxe pour soi*” that is “luxury for itself”, “expression of self”. The consumer that internalizes luxury, chooses goods on the basis of a

question of subjective taste, inspired by their own individual style, going beyond the codes of collective luxury.

The sphere of internalized luxury is mainly related to luxury as a form of individual lifestyle (Tsai 2005; Vigneron and Johnson 1999; Wong and Ahuvia 1998), emotions and hedonism (Dubois and Laurent 1996; Hagtvedt and Patrick 2009; Kapferer and Bastien 2009; Silverstein and Fiske 2003; Vigneron and Johnson 2004), and culture (Atwal and Williams 2009; Beverland 2004; Dubois and Duquesne 1993; Fionda and Moore 2009; Godey and Lagier 2003; Okonkwo 2009). In contrast to luxury with an implication of ostentation, a more modern and current conception has developed that principally associates luxury with the concept of “personal style”. When the buying of luxury products is not linked to the goal of externalization, luxury is spoken of as a “style”, as in the style of individual life; Fabris (2003), in fact, speaks of style symbols in contrast to status symbols. Considering that an individual has two ‘faces’ – an exterior (social) one and an interior (private) one (Tsai 2005) – each person, according to their own personality, can allow one of these two sides to prevail over the other when making purchasing decisions (Jamal and Goode 2001; Sirgy and Johar 1999). Individuals oriented towards internalized luxury strengthen their inner self and demonstrate a personality that is more attentive to the ‘private’ self rather than the ‘public’ one, pursuing coherence between the product image and their inner self – that is, between products and personal attitudes and values (e.g. between luxury brands and individual lifestyles). Internalized luxury

consumption, intended as an expression of the individual's lifestyle, is based on the subjective conception of beauty and, therefore, on the individual's aesthetic perception (i.e. one's personal aesthetic sensibility). As far as the emotional and hedonistic component is involved, Vigneron and Johnson (2004, 490) consider consumers to be hedonic when they look to acquire personal rewards and fulfillment through the purchase and consumption of products valued for their subjective emotional benefits and intrinsically pleasing properties, rather than functional benefits'. Kapferer and Bastien (2009) have argued that luxury should have a very strong personal and hedonic component; otherwise, it is no longer luxury but simple snobbery. The internalized consumption of luxury follows the concepts of Hirschman and Holbrook (1982) regarding hedonic consumption based on consumer behaviour linked to a multisensory approach (cf. Lageat, Czellar, and Laurent 2003), to sensory gratification and sensory pleasure and to the experience connected to the act of purchase and product use. Most purchases of luxury products are motivated by hedonic reasons, the pursuit of emotions and pleasure (Dubois and Laurent 1996), what Tsai (2005) has defined 'self-directed pleasure', or an intense and self-determined experience (Snell, Gibbs, and Varey 1995). Vigneron and Johnson (1999) have stressed that this personal pleasure is sought primarily by consumers with a personal orientation towards the purchase of luxury goods. Finally, internalized luxury is more closely linked to cultural aspects (e.g. knowledge, education, beliefs, morals and other capabilities). Okonkwo (2009) has underlined that luxury is a culture and a philosophy that requires understanding

before the adoption of business practices. Moreover, Beverland (2004) has included culture as one of the main assets of a luxury brand, the others being: product integrity, value driven emergence, history, marketing and endorsements. Fionda and Moore (2009) include culture in the nine components of a luxury fashion brand (heritage, exclusivity, premium price, design signature, product integrity, marketing communications, clear brand identity, culture, environment and service), also emphasizing the relevance of the culture of the luxury brand, which is identified as the expertise behind the trademark. Among the personal values linked to luxury purchasing, Dubois and Duquesne (1993) have broadly addressed the role of culture in the purchase of luxury products by putting the cultural factor into correlation with income in order to observe how these two variables influence luxury consumption. A few studies have examined the relationships between the luxury sector and culture; in particular, the relationship between luxury and art has been tackled by Godey and Lagier (2003) who observed both topics from the point of view of the aesthetic experience. Both in luxury and in art, experience has a decisive role indeed (cf. Atwal and Williams 2009).

Table 1.4. *The main constructs of the luxury consumption dichotomy*

<i>Externalised luxury</i>	<i>Internalised luxury</i>
<p>Ostentation</p> <p>‘Status goods are those goods for which the mere use or display of a particular branded product confers prestige on their owners, apart from any utility deriving from their function’ (Grossman and Shapiro 1988, 82).</p> <p>Materialism</p> <p>Materialism is based on three personality traits: possessiveness, non-generosity and envy (cf. Belk 1985). A fourth trait, preservation, was added in cross-cultural studies of the materialism scale (cf. Ger and Belk 1996).</p> <p>‘Materialism and conspicuous consumption are implicitly linked through envy, because one only envies the possessions of others when one cannot easily obtain comparable possessions’ (Wong and Ahuvia 1998, 436).</p> <p>Superfluousness</p> <p>Luxury is not felt to be necessary for survival. It refers to overabundance with a resulting feeling of freedom (cf. Dubois, Laurent, and Czellar 2001).</p> <p>‘Necessities are possessed by virtually everyone, while luxuries have a degree of exclusivity’ (Bearden and Etzel 1982, 184).</p>	<p>Individual lifestyle</p> <p>Lifestyle (or style of life) is the individual’s method of relating to others, viewing the world and governing behaviour (cf. Bowlby 1988).</p> <p>Emotions/hedonism</p> <p>Hedonic consumption designates those facets of consumer behaviour that relate to the multi-sensory, fantasy and emotive aspects of one’s experience with products’ (Hirschman and Holbrook 1982, 92).</p> <p>Hedonic value is more subjective and personal than its utilitarian counterpart and results more from fun and playfulness than from task completion (cf. Holbrook and Hirschman 1982).</p> <p>Culture</p> <p>Culture is ‘a complex whole that includes knowledge, belief, art, morals, law, custom and other capabilities and habits acquired by man as a member of society’ (Tylor 1891, 23).</p> <p>Culture is also viewed as the way that a group of people solved the problems that afflicted their society (cf. Trompenaars 1994).</p>

Source: Aamatulli and Guido (2011).

Based on these assessments, we can analyze the dichotomy of the consumption of luxury goods in terms of externalized luxury and internalized luxury. Externalized luxury is manifested by its ostentation, accumulation, and superfluity (which refers to luxury as a social statement). The consumer often externalizes luxury to emulate someone, driven by a competitive nature and chooses the products to purchase in accordance with collective luxury codes (social luxury codes). They usually like big brands, and they buy a visible status. Interiorized luxury, however, is more linked to good taste, excellence, refinement and superior quality. The consumer that interiorizes luxury chooses their goods based on subjective pleasure, driven by an individual style, therefore going beyond codes imposed from the outside. They have little to prove and want to be recognized only by their typical pattern or design. As Cuomo and Cecconi (2005) have affirmed, important changes are characterizing luxury in terms of consumer behavior. The behavior of luxury good consumers is mutating and, with respect to the past, new interpretations of the concept of luxury are maturing, with the consequence that new consumer behaviors are developing.

1.4. The New Luxury Consumer

Based on the above mentioned considerations we should analyze at this point the figure of the new consumer and the trends that will have a major impact on their behaviour in the luxury sector. The crucial

changes of the last decade (intense development of emerging economies, the advent of globalization, the spread of new information technologies, the process of aggregation of many large international groups etc), together with the economic crisis of 2008-2009, generated the birth of "the new global consumer" in the market. Their profile is that of a consumer who has radically evolved in their purchasing behaviour and in particular in their consuming habits concerning products of Fashion & Luxury. Among the most significant changes in the consumption profiles at international level attention may be paid to (Bain & Company, 2015):

- An ever growing attention to the price/quality ratio and the real consistency between Brand and Product offered. Quality is a prerequisite for consumers; they are still willing to pay high prices for products.
- A gradual shift in consumption of luxury products to other categories of commodities goods and, above all, types of services (such as travel, hotels, personal care, electronics).
- A diversification of channels to reach consumers who are increasingly "mobile", "nomadic" and "digitalized" and then more and more difficult to manage, capture, and above all, to make faithful.
- A transition from forms of consumption as "simple" use of a good/service (especially of functional / symbolic value) to a complete experience in which it is required to involve and excite the majority of the consumers, highlighting the elements of uniqueness and

memorability (especially emotional and experiential valence).

- A gradual shift to the east of the axis of the world's wealth led by the rapid rise of new emerging countries, a new middle class that is increasingly rich and inclined to the consumption of aspirational products and high quality (Carlo Cipriani, 2012).

Table 1.5. *Significant changes in the consumption*

<i>The New Global Consumer</i>	
<i>Price/Quality</i>	A more and more growing attention to price/quality ratio and the real consistency between Brand and Product offered. Quality is a prerequisite for consumers; they are still willing to pay high prices for products.
<i>Competitors</i>	A gradual shift in consumption of luxury products to other categories of commodities goods and, above all, types of services (such as travel, hotels, personal care, electronics).
<i>Communication Media</i>	A diversification of channels to reach consumers who are increasingly "mobile", "nomadic" and "digitalized" and then more and more difficult to manage, capture, and above all, to make them faithful.
<i>Distinctiveness</i>	A transition from forms of consumption as "simple" use of a good/service (especially of functional / symbolic value) to a complete experience to which it is required to involve and excite the most of the consumers, highlighting the elements of uniqueness and memorability (especially emotional and experiential valence).

Developing Countries

A gradual shift to the east of the axis of the world's wealth led by the rapid rise of new emerging countries, a new middle class increasingly rich and inclined to the consumption of aspirational products and high quality.

Source: Bain & Company (2015), elaborated by the author.

To confirm what has just been said, BCG in cooperation with Altagamma (<http://www.bcg.it/>) have carried out a study to analyze the general trends that will have a significant impact on the luxury sector at a global level in the next decade. They can be classified into: consistent, trajectory changes, and new trends.³ Among the trends classified as consistent we find again the importance of Made in Italy, since the source of goods still remains a key issue, with around 80% of consumers claiming to verify the origin of the products purchased, especially in emerging countries. In all categories of personal luxury, Made in Italy has topped the charts of preference except for watches and cars where Switzerland and Germany are respectively the reference countries. The consumer continues to be "active advocate" (that is they usually recommend their favorite brands, especially for the quality found in products and for style) and "globe trotter" as approximately

³Antonio Achille, Partner and Managing Director of the BCG Milan office, and Armando Branchini, Deputy Chairman of FondazioneAltagamma, during the "Consumer and Retail Insight" event held in Milan on January 22nd 2015. The presentation is based on a research that BCG developed during the month of November 2014, interviewing 10'000 Top Luxury consumers from 10 countries (Italy, France, UK, Germany, US, Japan, China, Brazil, South Korea and Russia)

50% of the consumption of luxury goods is carried out outside of their own country, with the citizens of emerging countries in pole position. Finally exclusivity, together with quality and craftsmanship, remains the main value to consumers of luxury. Consumers however, indicate that about ¼ of luxury brands are at risk of losing their exclusivity. It has also been noted that what we have defined as trajectory changes, intrinsic values (quality, exclusivity, craftsmanship, timeless classic) continue to be very important (about 66%). They lose, however, about 7 % in favor of the external features (brand recognisability and the aesthetic component, sensuality and 'coolness'). External values win points mainly in China (about 41%), US (about 30%) and the UK (around 29%). In these last two geographic areas in particular, the improvement of external values is more relevant and important for the younger generation. The so-called "word of mouth", both in its physical and digital component (social media and blogs), becomes the first lever of influence, overtaking press (e.g. magazines). Influence rate goes from 44% of consumers in 2013 to an influence rate of 49% in 2014. The real engine of growth is digital word of mouth, social media and blogs, which have seen an increase of 9 percentage points compared to 2013; they double their importance (from 11% in 2013 to 20% in 2014). The digital switches from influencing last year about 50% of purchases of luxury products to a good 62% in 2014. The boundaries between digital and physical are increasingly blurred and the physical channel, the shop, stops being the first channel for sales. The ROPO - Research Online Purchase Offline - increases up to 7 percentage points influencing purchases of nearly one out of two consumers. Pure e-

commerce weighs in today for 8% of purchases (+ 1% vs. 2013). The favourite channel of online luxury consumers appears to be the brand website, chosen by 37% of respondents (about 1.9 times the importance of the second favourite, online generalist platform). Navigation and service quality are indicated by these consumers as much more relevant than the chance to find discounted prices.

Among the fundamental points that has emerged from this analysis is the importance of social and environmental sustainability, which has grown significantly, from about 8% in 2013 to 13% in 2014, an increase of over 5 percentage points. The growth is driven by Europe and the United States where the sustainability more than doubles in importance. Obviously, the distance with more important values, such as quality, craftsmanship and exclusivity, is still important, but surely this value is growing and companies will not be able to disregard social and environmental considerations in any part of their value chain. Besides the importance of sustainability, which we will discuss in detail in Chapter 2, another development taken into consideration is the quality of craftsmanship, the "Made In" sees the United States and the United Kingdom increasingly recognized as quality centres. The "Made in US" rises to 10% in 2014 (+ 3% vs. 2013) indicated as preferred for clothing, jewelry and handbags, while the "Made in UK" rises to 7% in 2014 (+ 3% vs. 2013), recognized mainly for clothing, bags and jewelry. At the bottom of the world ranking of favourite cities for shopping, we highlight interesting shifts. Milan falls from 2nd to 5th place in 2013, before rising to 4th in the forecast for 2015. New

York City rises from 4th place in 2013 to 2nd in 2014, confirmed in the forecast for 2015. Paris reconfirms its first place and London third. In the emerging shopping cities, Dubai, Singapore and Los Angeles are increasing their importance and rise in the rankings, getting closer to the top five shopping cities. To respond to these changes, luxury goods companies will need to resolve conflicting priorities in every major aspect of their business: target markets, consumer segments, product portfolios, and distribution channels. Companies that skillfully manage these tensions will find opportunities for growth in both mature and rising markets.

CHAPTER 2

DEVELOPMENT OF THE SUSTAINABILITY CONCEPT

2.1. Sustainability and Sustainable Development

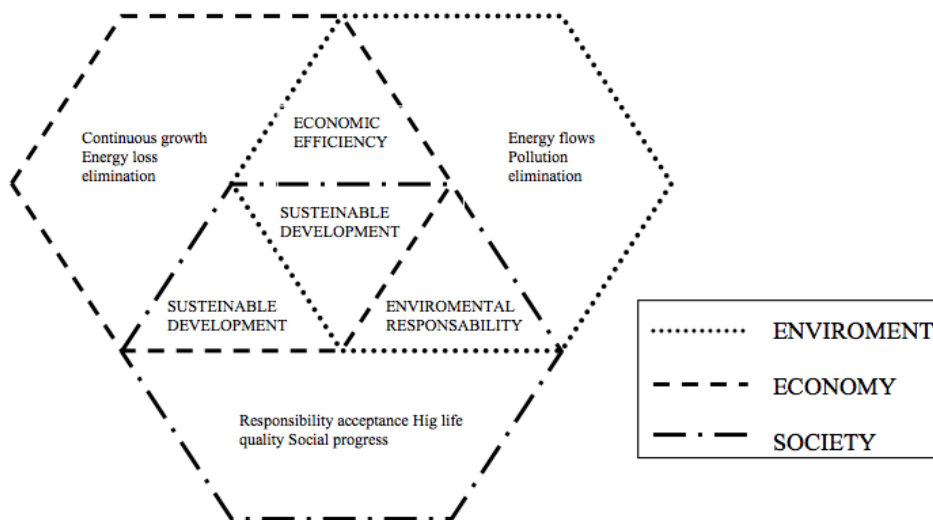
As we have seen in the previous Chapter, the importance of social and environmental sustainability grows significantly in luxury market and not only there. However, before we proceed to analyze this concept in this market, it is worth analyzing what is meant by sustainability. The term originates from sustainable development; however, despite the fact that it is generally believed that sustainability and sustainable development are interchangeable terms, they are different. Their natural difference lies in the fact that sustainable development is the journey, the path, the process to achieve sustainability i.e. the “...capacity of continuity into the long-term future” (Martin, 2003) or the ideal dynamic state. The concept of sustainable development has been used by the United Nations World Commission of Environment and Development (WCED), which published “Our Common Future” also known as the Brundtland Report (Brundtland Commission 1987). It can be traced back to 1974 when the concept of Sustainable Societies, based on fair distribution, was first used in the World Council of Churches. The main achievement of the Brundtland Report was to bring sustainable development into the mainstream international political agenda, and to create a simple definition that became widely quoted worldwide (Reid, 1995). The WCED defines sustainable

development as: "...development that meets the needs of the present without compromising the ability of future generations to meet their own needs". This definition has been accepted in official subsequent acts and remains substantially unchanged today. In the World Summit on Sustainable Development held in Johannesburg in 2002, sustainability has been defined as:" the concept of a permanent sustainable development of economic, social and ecologic aspect of human existence. These three pillars of sustainability are interdependent and require a balanced coordination in a long term"(2002).

2.1.1. Multiple Dimensions of Sustainability

The figure graphically represents the concept of sustainable development, such as the composition of three dimensions: the environmental, the economic and the social dimension.

Figure 2.1: *Dimension of sustainability*



Source: Cafuta (2015) elaborated by the author.

Within these dimensions, a varied set of key principles can be defined, which constitute the fundamental basis of sustainable development. These principles can then be translated into criteria which add meaning and operability to a principle, and furthermore into indicators, which are measurable variables (qualitative and/or quantitative), used to infer the status of a particular criterion. Sustainability of a given system can be assessed measuring all defined indicators and comparing them to a given standard or threshold.

It is possible to analyze each dimension separately: *The environmental dimension of sustainability* has become increasingly important to the consumer and this is also due to the environmental issues that have proliferated, such as: global climate change resulting into related, high profile issues such as increased drought, habitat destruction, and rising sea levels. Accordingly, the green marketing literature examines environmental concerns within the discipline of marketing. The green marketing concept is expressed as “green” applications of a range of traditional marketing topics, which include advertising and promotion, purchase intention, consumer behaviour, and market strategy. Hence, past and present literature in green marketing remains focused on environmental concerns and products as well as on consumer behaviour. While businesses, marketers and academics see “green” as a product option, as part of the solution of sustainability, it is also part of the problem since it still fosters consumption. Moreover, this orientation is limited when compared to more recent concerns for the environment, and to a broader orientation

of sustainability having not only environmental dimensions, but also economic and social concerns that are beyond the scope of green marketing. ***The social dimension of sustainability:*** is a fundamental component concerned with the well-being of people and communities as a non economic form of wealth, therefore the improvement of environmental conditions is associated with the growth of the economy as a whole. This will ensure a level of human well-being (security, health, and education) equally distributed to class and gender. The sustainability problem consists in finding a balance between personal and societal “needs” and nature’s capacity to support human life and activity, as well as ecosystems. This social dimension of sustainability has become more evident, shown by increased public distrust toward business practices, exemplified in scandals, such as those surrounding Enron and Exxon Oil, as well as more public expectations of companies to do more for social well being (Mohr and Webb 2005). While this dimension reveals tension between the interests of business and society, there is also a meeting of interests when firms respond to sustainability. That is, when firms respond to sustainability, they are also responding to a macro-level societal concern for habitat and quality of life. In 1999, a worldwide study found that two-thirds of consumers surveyed wanted companies to contribute to broader social goals (Isa, 2003). In response, considerable efforts have been made to study the social dimension of sustainability in the corporate social responsibility (CSR) context. The recent economic breakdown, which began in 2008 with the collapse of Wall Street financial institutions, has brought new attention to economic sustainability around the world.

Consequently, with the enduring global economic recession, consumers and society are deeply and urgently concerned with economic sustainability due to fear of widespread job losses, insecurity, and financial risk to governments and public programs. Sheth et al. (2011) have recently articulated the meaning of *the economic dimension of sustainability*. They have identified two distinct aspects of the economic dimension of sustainability: one relating to conventional financial performance (e.g., cost reductions), and the other relating to “economic interests of external stakeholder, such as a broad-based improvement in economic well-being and standard of living”. They incorporated the two aspects of the economic dimension of sustainability in the framework for consumer-centric sustainability. This approach would be important when the research focus is not an individual firm but a firm in a community, so that one can consider both financial performance of the firm and its contributions (relationships) to the community.

Table 2.1. *Environmental, Social and Economic Dimension of Sustainability.*

<i>Environmental dimension of sustainability</i>	<i>The Social dimension of sustainability.</i>	<i>Economic sustainability</i>
Environmental issues	Social Issues	Economic Issues
Global climate change resolving into related, high profile issues such as increased drought, habitat destruction, and rising sea levels	Increased public distrust toward business practices, more public expectations of companies to do more for social well being, reveals tension between the interests of business and society.	The enduring global economic recession, widespread job losses, insecurity, and financial risk to governments and public programs.

The Green Marketing	Corporate Social Responsibility,	Conventional Financial Performance
Concept is expressed as “green” applications of a range of traditional marketing topics, which include advertising and promotion, purchase intention, consumer behavior, and market strategy. focused on environmental concerns and products as well as on consumer behavior.(Rex and Baumann, 2007)	Firms respond to sustainability, they are also responding to a macro-level societal concern for habitat and quality of life (Mohr and Webb 2005)	(e.g., cost reductions), and the other relating to “ <i>economic interests of external stakeholder</i> , such as a broad-based improvement in economic well-being and standard of living”. Sheth et al. (2011)

Source: Rex and Baumann (2007), Mohr and Webb (2005), Sheth et al. (2011).

Briefly, the concept of sustainable development is embodied in an ethical and political principle, which implies that the economic and social dynamics of modern economies are compatible with the improvement of living conditions and ability of natural resource to reproduce indefinitely.

To be precise about the growth and importance of this concept, it is important to introduce some definitions of sustainability chosen for their clarity among many proposals (Table 2.2).

Table 2.2. *Definitions of sustainability*

<i>Definitions</i>	<i>Authors</i>
Sustainability doesn't mean static economy, but we have to be careful to distinguish "growth" and "development". The economic growth, which is an increase in quantity, can't be indefinite in a finite system, infinite growth in a finite system is prima facie impossible. This is referred to as the impossibility theorem. The initial impetus for the impossibility theorem was the (P, A, T) model stating that the ecological impact of human behavior is a function of population, affluence (consumption), and technology. The Ehrlich Equation (Ekins, 1994) demonstrates that all three variables must be stabilized simultaneously if sustainability is to be achieved	Daly and Townsend (1993) and Georgescu-Roegen (1993), (Ehrlich and Holdren, 1971), (Ekins, 1994)
Sustainable development means improving the quality of life whilst living within the carrying capacity of supporting ecosystems.	ICLEI (1994).
Durable and sustainable development is the one that provides environmental, social and economic services to all the inhabitants of a community, without threatening social, natural and built operational systems from which the supply of such services depends	John Huckle(1996)
Just like liberty, justice and democracy, sustainability has no single and agreed meaning. It takes on different meanings within different political ideologies and programmes supported by different kind of knowledge, values and philosophy.	Bell and Morse (2000)
Sustainability is what we want it to be and we can change it as we change. The best we can achieve is to acknowledge the centrality of people and to put participation at the very heart of actualization.	Tilbury and Wortman (2004)
The sustainability is the amount of consumption that can continue indefinitely without degrading the capital stock, including natural capital.	Constanza and Daly (1992)

Source: Daly and Townsend (1993) and Georgescu-Roegen (1993), (Ehrlich and Holdren, 1971), Ekins(1994), *ICLEI (1994)*, John Huckle(1996), Bell and Morse (2000), Tilbury and Wortman (2004), Constanza and Daly (1992).

Therefore "Sustainability" includes various fields, such as

environment, operations, energy, health and well-being, safety, market, finance, society and family. Being sustainable requires the maintenance of a constant process to a desirable level of utility, so that the operational, technical, managerial and functional requirements are met efficiently and effectively. Sustainability allows the right thing to be done for economic success until a systematic approach is implemented, completely transforming the traditional business attitude (Grant, 2007). The definitions used so far help to understand that reaching a objective of business sustainability requires actions that make a socially and economically positive impact on the environment. Recently in academic debates and in industrial environments several new definitions have been proposed to make an attempt to extend the concept of sustainability, which today is not limited to purely ecological issues, but includes management practices oriented to a more human, more ethical and more conspicuous business structure. Lately, people have reached an awareness of environmental performance and sustainability that is a potential competitive advantage (Krause et al., 2009; De Burgos Jiménez and Cespedes Lorente, 2001). The goal of sustainable development has been integrated by many companies within their corporate strategies (Krause et al., 2009). Therefore, it is an essential complement to traditionally referring environmental objectives; this means considering the environmental impact not only at the operational and short-term level, but also at a strategic, long-term level. If we wanted to include, in a few words, the current meaning of "sustainability" related to economic, social and productive dynamics, we could say that it is conscious

consumption, fair trade, transparency in the relationship between manufacturers / suppliers / end-users, instruments and policies in support of production and economic processes with less waste, research and promotion of new market portion adhering to the sustainable lifestyle. It is at this point that we should focus on the perspective of consumers and businesses to sustainability. The purpose of this study is to promote sustainability and marketing awareness, with particular regard to the behaviour of consumers and businesses in the luxury market.

2.2.Sustainability and Consumers' Perceptions

Starting from a brief analysis of consumer behaviour in the current market, we introduce the relationship of consumers towards sustainability. In a market where consumer satisfaction has become a fundamental concept, as the consumer faces such a multitude of possible choices. As Fabris observes, we speak today of a “disenchanted” and “competent” consumer, able to discriminate and judge, therefore “demanding” and “selective”. But above all, “holistic” in the sense that, “for the purposes of their choice, they involve all the dimensions at stake”.

They are tangible, structural, performing, currently in use dimensions, but also, and especially, intangible and symbolic values, social and cultural meanings, etc., so that consumption, today, has become to all intents and purposes a real metalanguage by which the

individual expresses, above all, their identity (Paltrinieri, 2004; Parmiggiani, 2001). What one can observe is a modification of the criteria of demand formation, which, now, involve instances different from those of the classical figure of Homo economicus, more theoretical than empirical in truth, moved only by mere instrumental rationality and, therefore, by the selfish massification of their interest. If maximization of its interest can still be, in fact, it appears certainly less “selfish” and imbued with renewed altruistic social issues. Awareness and concern for sustainability consumption habits grows constantly. They have started turning to more environmentally friendly choices, in order to reduce the impact of everyday life on earth. Consumers have come to appreciate sustainability and to look for ethical products as a benchmark for high quality and reliability. Such buying behaviour was defined as ethical purchase behaviour or ethical consumption (Harrison, Newholm and Shaw 2005). The term “ethical consumption” as we are reminded by Sarah Merie Hall, has to do “with a range of consumer behaviours and responsible business practices”. It could also be defined as critical consumption, and it is pursued by those consumers who believe they can influence decisions of companies through their purchasing and consumption choices and through these they can contribute to improve the environment and society in which they live. Literature has evolved from green marketing topics such as green advertising and green consumer profiles, toward sustainable marketing, in which marketers genuinely try to solve human and environmental problems instead of perpetuating them (Belz and Peattie 2009). Therefore, at the beginning, we speak of a true green consumer,

of which we give a brief definition: The green consumer has been described as one who avoids products that are likely to endanger consumers health or that of others; products that cause significant damage to the environment during their manufacturing, use or disposal; consume a disproportionate amount of energy; cause unnecessary waste; use materials derived from threatened species or environments; involve unnecessary use of or cruelty to animals; adversely influencing other countries; the ethical consumer is also concerned about the ‘people’ who manufacture the product, its use and disposal.

Ethical consumers purchase products produced in the Third World by people paid a fair wage, who work in good conditions and who benefit directly from the profit they make. Ethical consumerism incorporates all the principles of environmental consumerism and more – taking on board the ‘people’ element of ethical consumerism”. The goal of green consumption is to maximize the adoption of "green" products that are lighter in their environmental impact in the total life cycle, including the phases of production and post-use. The idea of green consumption is steadily gaining acceptance from consumers, and companies are warming to it (Bonini and Oppenheim 2008; Esty and Winston 2006; Makower 2009; Speth 2008).

Sheth et al. (2011) introduces the new concept of mindful consumption as the guiding principle of sustainability. Mindful consumption “reflects a conscious sense of caring toward self, community, and nature”. Research considers the main factors affecting the critical consumption as appearing to be situational and

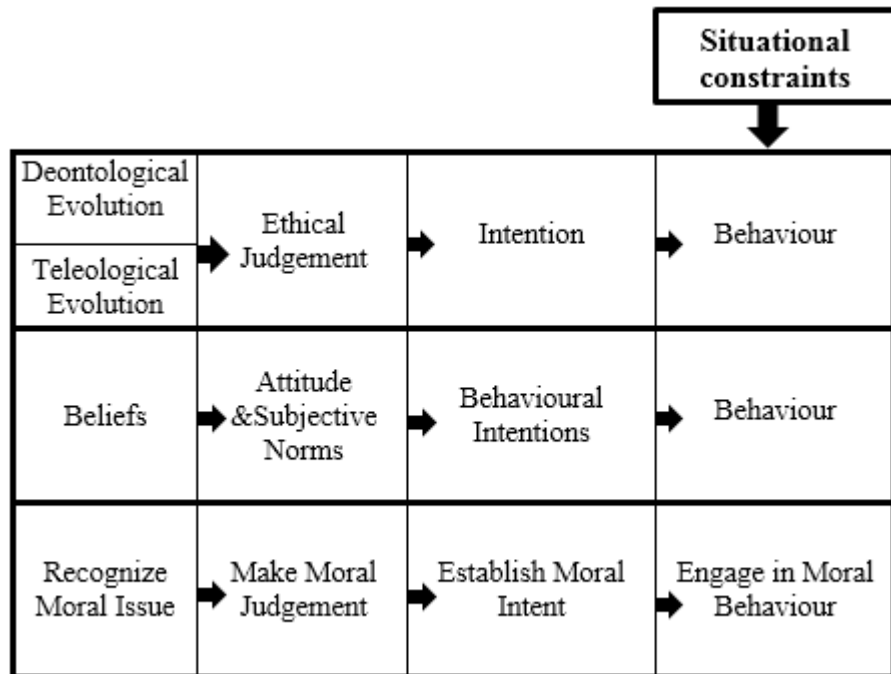
individual characteristics, such as the values, the involvement, the availability of the product, the perceived effectiveness, and social norms. In this regard, it is interesting to focus on the values and especially what the values are that consumers assign to sustainability, as many previous studies have linked the values to sustainable consumption. (Thøgersen, 2001; Thøgersen&Olander, 2002; De Pelsmacker et al., 2003).Schwaartz et al. define values as “desirable trans-situational goals that vary in importance, and serve as guiding principles in the life of a person or other social entity”. Values reflect the final states of existence, they are abstract and transcend specific situation, and also serve as a guiding principle and are grouped in a system of priority values (De Groot and Steg, 2007). Previous research indicates that among the ten types of universal values introduced by Schwartz¹⁴, values of self-transcendence, particularly universalism (Thøgersen, 2001; Thøgersen&Olander, 2002; Pepper et al 2009) and benevolence (Thøgersen&Olander, 2002; Vermeir and Verbeke, 2008), have been associated with sustainable consumption and sustainable behaviour. However, self-improvement values or self-oriented values, like success, power and hedonism, are negatively related to beliefs, attitudes, preferences, and behaviours related to sustainable consumption (Stern, 2000; Thøgersen&Olander, 2002. Steg et al, 2012).In addition to these types of traditional value, introduced by Schwartz, a framework has been created, made up of three value orientations. This framework has been used in environmental psychology to explain the beliefs and intentions concerning the significant behaviour on environmental impact. The

three value orientations are: selfish, altruistic and biosphere value orientations. Selfish values focus on maximizing individual results and benefits, altruistic values reflect concern for the welfare of others and the value orientation of the biosphere consists of value orientations that emphasize the perceived costs and benefits to the environment and biosphere as a whole (Stern & Dietz, 1994; Stern, 2000; Kollmuss&Agyemmann, 2002; de Groot and Steg, 2008; Steg et al, 2012; Emery, 2012). This value orientation framework can also be extended to explain the beliefs and intention concerning the behaviour linked to sustainability, not just restricting it to behaviors that are environmentally significant. So, consumers' values influence their behaviour and responses during the purchase and how consumers perceive and react to communication campaigns (Belz&Peattie, 2009). Furthermore, values carry out an important role in consumer decision-making when choosing a sustainable product or brand (Burgess, 1992 cited in Vermeir&Verbeke, 2006, p. 173), since the connection of the characteristics linked to sustainability to the values of consumption may help consumers to identify the benefits of the products. In addition to the analysis of the values, many studies (Strong,1997, Cardigan e Attalla,2001, Vermeir e Varbeke, 2004) have focused on the gap between attitude and behaviour as far as critical consumption is concerned, because, the favorable attitude of consumers was noted, but at the same time accompanied by a non coherent final behaviour. Despite the widespread attention that sustainability is receiving, sales of sustainable products (i.e., products with positive social and/or environmental attributes) still represent “only a small fraction of

overall demand”, and there seems to be a significant gap between consumers’ explicit attitudes toward sustainable products and their consumption behaviour. For example, one study suggests that though 40% of consumers report that they are willing to buy “green products,” only 4% actually do so. Literature as a whole has referred to it as the gap between attitude and behaviour (Carrigan e Attalla 2001; Roberts 1996; Vermeir e Verbeke 2006). This literature can be split into those that suggest it is caused by research error and those that perceive it is related to barriers in cognitive decision-making. In the first one, research lead to two types of bias, one connected to social desirability, where people feel the pressure to respond according to what they believe to be socially acceptable (Auger and Devinney 2007; Chung and Monroe 2003; Randall and Fernandes, 1991); the other to the selection bias, where either respondents who are ethical would be more likely to partake in surveys and experiments (Chung and Poon 1994), or that it is due to researchers who select in specific contexts -because they know they can find their target respondents (Browne et al. 2000). Some researchers go so far as to deem it fruitless to rely on self-reported measures of ethical behaviour entirely (Ulrich and Sarasin 1995). Others however suggest that through careful exploration of respondent inconsistencies in decision-making (Burke et al. 1993) and use of interpretivist or mixed methods (Auger and Devinney 2007) that it is possible to gain genuine insight into impediments to ethical behaviours. In the second case, there are three main cognitive decision models on which most of the existing research build the framework to explore the gap between attitude and behaviour: four-phase model of

rest, 'Theory of Reasoned' 'Theory of Planned Behaviour' / (Fishbein and Ajzen 1975 / Ajzen 1991) and Hunt and Vitell model (1986).

Figure 2.2 :Simple comparison of cognitive decision-making models



Source: Davies, Lee, Ahonkhai (2011)

Figure 2.2 demonstrates that all models are predicated on the same basis that Behaviour (ethical or otherwise) is a result of the formation of Intent to behave in a certain way. Intent is, in turn, based on a Judgement following the assessment of the alternatives and Beliefs about the innate rightness or wrongness of a behaviour (Deontological Evaluation) and our understanding of potential and possible consequences (Teleological Evaluation).

Deontological Evaluations of ethical issues are liable to be relatively static for an individual facing multiple dilemmas at a specific time because they are based on norms formed through culture and

personal experience. However, the teleological and situational factors, as discussed in Hunt and Vitell (1986) and Marks and Mayo (1991), are likely to vary between different purchasing encounters based on the level of thought put into the identification and appraisal of consequence. In addition to these cognitive barriers, numerous studies have also included demographic, religious barriers (Doran 2009; Schwepker and Cornwell, 1991), perceived price, quality or value of goods barriers (Loureiro and Lotade 2005 Mceachern and Schroder 2002; Roberts 1996), lack of information on the ethical credentials of products barriers (Irving et al 2002; Shaw et al, 2006) and lack of availability (Dickson 2001; Hira and Ferrie 2006). However, for each of these suggestions we can find an equal number of studies suggesting they have little or no impact at all. For instance, Roberts (1996) found demographics to be a bad signifier of ethical consumer behaviour and Belz and Peattie (2009) and Shrum et al. (1995) discuss the willingness of many consumers to seek social and environmental information and shop around for ethical alternatives. Despite these contradictions in literature, it is important to draw attention to the importance of sustainability given by consumers, as there is also a growing awareness among eco-minded customers who care about the impact of their choices upon the environment. Therefore, many companies start considering sustainability-related strategy as necessary to be competitive (Kiron et al., 2012) and academics start to distinguish between sustainable and traditional companies. The former are looking for a balance between financial, social and environmental results.

2.3. Corporate Sustainability

The development of so-called Corporate Social Responsibility (CSR), highlight the increased attention paid by business to the needs of moral-ethical consumers. Therefore, the evolution of the company is towards a redefinition of its role from just an economic subject to a “social” subject which, as such, has to worry about the quality of products and service offered, of its credibility and reputation. And this features more and more as a factor of competitiveness, facilitating “survival” in an increasingly competitive market made up of demanding consumers. The awareness of the company of CSR topics appears to be, therefore, related to the maturity of the social context in which it operates, “in the sense that where the awareness of the company is belated compared to the social maturity, it may create negative effects on the competitiveness of the company itself, while just there, where the action of the company anticipates the social maturity, one can achieve competitive advantages for it”.

Sustainable development is on the agenda of almost all the planet and it should also be on that of the major groups. Sustainable development is considered important for CEOs for the future success of their companies. The focus of successful companies is on the concept of ‘shared values’. Shared values refer to the policies and practices that enhance the competitiveness of a company while advancing the social, environmental and economic conditions in the communities in which it operates. Creating a shared value, far from being a social corporate obligation, is a key strategic pathway for economic performances in the 21st century. Being a sustainable company “tout court” means not only

in respect of saving raw material and economic resources, but also with regard to human rights, rationalization of the creative and production processes, waste reduction, creation of new and more transparent links with communities, and exploration of new areas of the market more “human” (fair trade). In summary, anything that could concern the word “responsibility”; it is not a coincidence that those in charge of sustainability in large companies often work in the department of Corporate Social Responsibility (CSR).

From a general point of view, today, in order to face an issue of sustainability in a company, it is useful to support the idea of US economist R. Edward Freeman, who states that sustainability is the result of consideration of the interests of all stakeholders ⁴, both primary and secondary, who take part in the creation, production, supply and sale of a product. It is this concern, among other things, that creates the enterprise, characterizes and determines its market presence and its fortunes. Moreover, in the globalized society that we live in, where the desire of homogenization is more and more associated with the demand of “diversified” products and the demand for a better quality of life, companies can help strengthen communities, making them better and more attractive, thus creating value for community members, including customers, suppliers and employees. Therefore, a series of behaviors derive, which stakeholders have to comply with in order to enter in the “club” of sustainability: respect for production

⁴Primary stakeholders are: financiers (shareholders, bondholders, creditors etc), customers, consumers, workers, suppliers. Secondary stakeholders can be considered: communities, future generations, government, activist groups, business associations, in general all those who can influence the actions

processes, sharing of design processes, open and transparent communication, analysis and sharing of cultural and symbolic models of consumption, compatible services with the environmental and social balance. The reference more widely adopted by companies, European ones in particular, is the methodology proposed by Vigéo to classify evaluation guidelines of corporate sustainability²³, which identify a list of strategic variables that can generate competitive advantages for companies: quality and compatibility of raw materials, control of the supply chain, relationships with local communities, environmental aspects in all processes, quality of work and qualification of employees. Control of the supply chain means: product safety in every stage of construction, transformation and transport, integration of environmental factors in the production chain, prevention of corruption. Training, technological and financial support means to suppliers, especially in times of crisis, that the supplier receives financial and technical support, but in return must respect the social and environmental standards set by the company. Environmental aspects in all process (including sale) means: environmental strategy and eco-design, pollution prevention and control protection of water resources, minimizing the environmental impact of energy consumption, emissions management in the atmosphere, management of environmental impacts of transport, management of environmental impacts of the use and disposal of products/services. Quality of work and training/qualification of employees means: promotion of industrial relations, responsible management of restructuring, career management and promotion of employability, improvement of health

and safety, skills development, respect for freedom of association and right to collective bargaining, and non-discrimination. Relationships with local communities means: product safety in the phase of final use, transparent communication, shared values in an economic, social and cultural environment.

To Vigeo, the main levels of sustainability criteria that companies must respect are as follows: the company has to provide relevant policies and exhaustive content. Necessary visibility inside and outside must be given to policies; management systems ought to be consistent with the policies. Processes need to be comprehensive and integrated in business activities; results should be consistent with the strategies and effective. In short, a company that correctly handles the commonality of the interests of its stakeholders, namely the social and environmental dimensions the same company lives within, will have good policies, translated into efficient management systems, the effectiveness of which will be undeniable thanks to the results obtained. This operating logic of a social nature, contrary to that which focuses on mere profit generation, requires a switch from a measurement of value based on monetary indicators only (profits and wages), and with a short time horizon, to an evaluation of the long period, allowing the company to sustain the conditions at the base of its prosperity. These companies are leaders in terms of environmental performance, but even the leader companies are only now beginning to target the system-level challenges of industrial sustainability, how to make sustainability an integral part of the management system, how to co-operate with others to innovate the system, how to make a strong

social performance an integrated part of the company system (not philanthropy), how to innovate the way they do business (the ‘business model’) so that environmental and social performance are internalised and not considered mere “externality” anymore. Only by measuring a phenomenon can one take action to improve it. The best known methodology to quantify the environmental impact of a product, process or business model is the Life Cycle Assessment, which allows the environmental impacts throughout the entire life cycle of a product to be measured. Another approach to the quantification is Trucost, whose methodology and accumulated database allow environmental impacts to be expressed in monetary values. Economies and diseconomies can then fit into environmental budgets and company planning.

The data of the research of MIT Sloan and Boston Consulting Group, aimed at updating the knowledge of what companies are doing in terms of innovation and sustainability and where respondents are the main characters of the Global Business Community, shows that companies that manage to get the best economic results from their sustainability projects are those that innovate their business model. This represents a radical change of the value proposition and operational model thanks to the decision to place the search for sustainability at the center of its strategic guidelines.

2.4. Luxury and Sustainability

We will now examine the concept of sustainability within the luxury market. Luxury and sustainability: two opposing concepts? At first

glance, maybe. The meaning of luxury is manifold, and its definition is elusive, with nuances suggesting an absolute concept tied to an idealized life, extras beyond necessity, needlessly expensive items or intimate exceptions of self-indulgence. Overall, luxury is inessential, superfluous, exclusive and ostentatious; it is the exact opposite of sustainability. On the basis of its constitutive dimensions analyzed in the previous section, sustainability involves environmental conservation, produces a social impact, and fuels cultures that support shared behaviour codes. Sustainability, then, is an indispensable, collective and ideological phenomenon. This definition emphasizes the importance of the conservation of nature's assets while consuming (Strong, 1997). The two sound paradoxical indeed. And consumers seem to agree. In a recent survey conducted by Salon, consumers placed the luxury industry last in a ranking of industries associated with sustainable commitments; a lower ranking than the financial and petrol sectors. The luxury sector, though clearly aware of the stakes, remains discreet regarding sustainability, and thus some critics interpret it as being uninvolved. In truth, since 2000, most of the major luxury groups have created dedicated positions or task forces. Luxury groups do not operate like other groups though, in so far as that they are not integrated, nor do they have a top-down decision-making culture. Instead, the independence of the craftspeople or maisons is a key element of their sustained aura, and there are few synergies across brands (Ijaouane and Kapferer, 2012). Each brand therefore conducts its own audits and sets up its own controls, ideally in line with the group's ambitions. Furthermore, luxury brands tend to communicate

little. They might stage shows, provide luxury experiences or host events, but they rarely talk about themselves and their functions. For example, the family companies (Armani, Hermès, Chanel) are not required to publish financial data or strategic information; they actively seek to maintain the dream image they are selling by avoiding the release of any other type of information. Finally, these brands seemingly perceive that sustainability suffers from so much greenwashing that remaining silent is the best way of avoiding boomerang effects. Most luxury brands start small and stay small, often as family businesses. The products may be made by hand, and they move slowly and with reluctance towards higher volumes. As a result, these brands control the whole supply chain, from the raw materials to the merchandising and consumer experience in stores. With their focus on high quality and family-like working conditions, such firms are unlikely to thrive by relying on poor practices, unfair labor conditions, the poor treatment of animals or damaging the environment. A basic tenet of a luxury strategy is to produce local objects with the assistance of talented craftspeople who need years to develop their talent. French luxury is produced in France; Italian luxury comes from Italy (though this trend is also evolving, as we will describe subsequently). It follows that luxury and sustainability, concepts apparently in opposition, can co-exist and even unite; luxury and sustainability, especially in the environmental dimension, converge in the features of durability and rarity, which constitute possible bridges between them. Luxury can be defined as the business of lasting worth, which does not pass in the wake of fashion, almost as though it were characterized by an

everlasting existence (Hoffmann and Manière, 2012). The durability of luxury impacts on environmental sustainability: its long life reduces waste in the use of natural resources and favors their preservation. Luxury, however, is also rarity (Martin and Tischner, 2001; Manfredi and Robins, 2012). Luxury derives value from an objective rarity, which may be due to the use of rare materials (skins, leathers, pearls, etc.) in addition to rare craftsmanship. Its value, then, depends on the uniqueness of its constitutive resources and thus on environmental sustainability. It is the preservation of natural resources that contributes to generating luxury's rarity. Rarity and durability join luxury and sustainability together: luxury depends on sustainability and, at the same time, sustainability finds a potential ally in luxury. Despite claims of craftsmanship, handmade items or the perpetuation of tradition, many luxury brands are also growing by expanding their operations to low-cost factories, while licensed operators pursue volume and sell fashionable, high margin accessories. A small number of brands may stick to the stringent principles of a luxury strategy (Kapferer and Bastien, 2009, 2012), but many others have abandoned them: Burberry closed its historical UK factory in 2007 and moved its production to China. In 2010, Prada announced it would delocalize from Italy to China. Coach is manufactured in China, as is Polo Ralph Lauren. These brands try to make more money at both ends: by minimizing the cost of manufacturing and maximizing the retail price. As part of the luxury industry is now acting like any fashionable mass retailer, it is logical that sustainability advocates pay more attention to its practices. The pursuit of higher volume puts more strain on sustainability concerns,

such as the preservation of rare species, the origin of raw ingredients and working conditions in factories. In summary, whereas luxury was historically aligned with the ideals of sustainability (Kapferer, 2010; De Barnier et al, 2012) by producing rare products of ultra high quality, made by hand and with respect for tradition, it has come to resemble consumer or fashion goods, ready to fill trash cans after they achieve structural and rapid obsolescence. Thus, the real issue entails the sustainability of this new form of mass luxury. Therefore, in reasoning that the luxury industry is extremely sensitive to reputational damage and that consumers of all social classes are increasingly concerned about social and environmental issues (Bendell and Kleanthous 2007; Cone 2009; Kleanthous 2011; Janssen et al 2013), it follows that the concept of sustainability has to become a priority for luxury brands as well.

2.4.1 Luxury and Sustainability: Consumer's Point of View

Luxury consumption is a highly communicative act, signaling status, wealth, class and power (see also; Eastman; Fredenbergwe; Campbell and Calvert, 1992). Power is commonly conceptualized as the ability to influence others, resisting external impositions of influence (Hogg & Vaughan, 1995). In fact, studies suggest that powerful individuals have a greater ability to resist the influences of external regulations, making them more likely to behave in a socially unacceptable way (see Brown & Levenson, 1987; Caspi, Lynman, Mofitt, and Silva, 1993; Harnett, 2010; Magee, Gruenfeld, Keltner, and Galinsky, 2005; Xianchi & Fries, 2008). Moreover, there are indications that individuals

can also earn status and power by breaking social norms.

Some studies (van Kleef, Homan, Finkenauer, Gundemir, e Stamkou (2011) suggest that consumers use luxury consumption to improve their status and power, and that this could also lead to being more likely to violate social norms related to responsible and sustainable consumption, rather than actively engage with them. Starting from this assumption we must say that the studies concerning the behaviour of luxury consumers towards sustainability have had mixed results. Steinhard, et al. (2013) conclude that an environmental claim positively enhanced consumer perceptions of both utilitarian and luxury products. Ducrot-Lochard and Murat (2011) theorised that the luxury industry will logically evolve towards sustainability as luxury customers have extended their high quality expectations to include environmental factors. Additionally, Kapferer (2013) reasoned that luxury already possesses sustainable characteristics, calling it “the business of lasting worth” and durability. However, other evidence suggests sustainable luxury goods are perceived more negatively, and seen as less desirable, than regular, non-sustainable luxury products. Achabou and Dekhili (2013) presented affluent French male and female participants with labels for luxury Hermès-branded shirts, some of which were described as containing recycled material. A significant negative correlation was found between the perception of the product and the presence of recycled fibres. Also, a brand’s environmental commitment was the least important selection criterion in luxury purchasing decisions (with quality, price, and brand reputation the most considered; see also Joy et al., 2012). Similarly, Davies, Lee, and Ahonkai (2012) found that

consumers considered sustainability and ethics much less in their luxury consumption decision-making process than in their commodity consumption decisions, although luxuries were perceived as relatively more sustainable when compared with commodity products. They propose a fallacy of clean luxury where luxury products are perceived as devoid of ethical issues based purely on the price tag or brand name on the label. They also suggest that even if customers are aware of potential ethical issues they are unlikely to consider them at their “moment of truth” (Carrington et al., 2010) when purchasing a luxury item. With such wildly differing views on the consumers’ ability to identify “sustainable” vs. “unsustainable” products and willingness to seek out information behind the label, it is highly circumspect how successful the sustainability message will be in the luxury fashion market. One could expect that consumers who can afford more luxury goods would pay more attention to ethics, either to feel good about themselves (self-identity) or to impress others (peer identity). Conversely, if luxury good consumption is about hedonism and self-pleasures, it is less likely that altruism would over-ride hedonistic desires. However research into sustainable consumption based on food, cosmetics and sportswear or eco-labels (Anderson and Hansen 2004; Bjørner, et al., 2004) and fair trade (De Pelsmacker, et al., 2005; Elliot and Freeman 2001; Loureiro and Lotade 2005) is unlikely to provide a strong basis for predicting or understanding the underlying reasons for ethical luxury purchases. We therefore have a limited and conflicting basis to build a theoretical framework on the role of sustainability in the fashion industry. This paper aims, through an exploratory approach,

to understand the underlying reasons for luxury ethical purchases and also the reasons for the gap between attitude and behaviour.

2.4.2 Luxury and Sustainability: Core Values

Regarding consumption values that directly explain why consumers choose to either buy or avoid particular products (Sheth et al. 1991), different types of values influence consumers' purchase choices. In a luxury product context the evaluation and propensity to purchase or consume luxury brands can be explained by the following four dimensions (Wiedmann et al. 2007, 2009).

The financial dimension that addresses direct monetary aspects such as price, resale price, discount, investment, etc. It refers to the value of the product expressed in dollars and cents, and to what is given up or sacrificed to obtain a product (Ahtola 1984; Chapman 1986; Mazumdar 1986; Monroe and Krishnan 1985). The functional dimension that refers to the core benefit and basic utilities that drive the consumer based luxury value such as the quality, uniqueness, usability, reliability, and durability of the product (Sheth et al. 1991). The individual dimension focuses a customer's personal orientation on luxury consumption and addresses personal matters such as materialism (Richins and Dawson 1992), hedonistic and self-identity value (Vigneron and Johnson 2004; Hirschman and Holbrook 1982), and the social dimension of luxury value refers to the perceived utility individuals acquire by consuming products or services recognized within their own social group(s) such as conspicuousness and prestige value, which may significantly affect the evaluation and the propensity

to purchase or consume luxury brands (Vigneron and Johnson 1999, 2004; Bearden, and Etzel 1982; Brinberg and Plimpton 1986; Kim 1998).

Table 2.3. Dimension of Luxury Value Perception

<i>The Financial Dimension</i>	<i>The Individual Dimension</i>	<i>The Functional Dimension</i>	<i>The Social Dimension</i>
That addresses direct monetary aspects	That addresses personal matters such as materialism, hedonism, and self-identity.	That refers to basic utilities as quality, uniqueness, and usability;	That refers to aspects of status consumption and prestige orientation.

Source: Wiedmann;Hennigs; Sibels (2007).

It is possible consider the sustainability of luxury brands according to the same four main dimensions. High quality, rarity, and craftsmanship cause high prices of luxury products, which are willingly paid by consumers for the symbolic and material value they acquire through luxury products. The elevated price could in turn be used to finance sustainable and ethic policies in luxury production (Groth and McDaniel 1993; Bendell and Kleanthous 2007; Yeoman and McMahon Beattie 2006; Sarasin 2012).Luxury products are extremely scarce encouraging a limited use of them: ‘In this sense, the scarcity of luxury products may convey the idea that luxury brands encourage more reasonable, responsible consumption and help protect natural resources’ (Janssen et al. 2013, p. 3). Moreover, luxury brands are associated with endurance and a certain heritage, indicating that ‘luxury brands do not merely sway with the latest fashion fads, but

focus on adapting traditions to create products that will last, maintaining the brand's heritage into the future' (Bendell and Kleanthous 2007, p. 29). The functional dimension of luxury value refers to aspects such as quality, uniqueness, usability, reliability and durability (Wiedmann et al. 2007, 2009).

High standards and durability can be a common field for luxury and sustainability. Luxury products last decades and can be used generation after generation, despite the reputation of wastefulness of luxury. Furthermore, items like jewels or luxury cars have a large market even after their proper usage, making duration the core of luxury (Kapferer, 2010). Sustainable packaging, products, business operations and socially responsible activities are main key points in sustainable production that can be introduced also in luxury production (Grail Research, 2010, Verde-Nieto, 2011), such as recycled paper in wrappings (Kapferer 2010) and recyclable packaging (Grail Research 2010). Excellent ecofriendly raw materials are often used to make products of high quality, whose excellent craftsmanship is a guarantee of duration (Castro, 2000). This is also an ecofriendly signal of luxury brands. Luxury may need a skilled workforce, so luxury brands are strongly interested in supporting skilled workers. "The highest quality product or service will be the one that generates the most benefit to all involved in its production and trade' (Bendell and Kleanthous, 2007). If we consider the strong emotional attitude a customer has in purchasing a luxury product, thus acquiring also the symbolic value of the product, we can assume that much of a customer's sensibility will converge on

their decision making process when choosing a luxury product. More educated and environmentally aware customers will direct their choices towards sustainable, ethical products (Bendell and Kleanthouse, 2007). This is a global process involving not only Western countries but also the emerging classes of Asia, Eastern Europe and all emerging new markets (Bendell and Kleanthouse, 2007).

2.4.3 Luxury and Sustainability: Corporate Social Responsibility

The agreement to sustainability issues in this case can be considered in two ways: on one hand, this can only have internal appreciation to the company that, with respect to an ethics code, evaluates its processes through an environmental sustainability viewpoint; on the other hand, environmental issues can become a significant driver for differentiation. In this context, the definition of new business models and new inter-organizational solutions to generate proposals for sustainable supply can be a vector of perception enhancement of new brands that can convey a concept of "sustainable luxury" (Guercini and Ranfagni 2012; 2013), to be understood either from an ecological sustainability point of view or from a social one (Kapferer 2012). Sustainability is a concept of fundamental importance for the luxury companies, which are embedded in society, and respect for the community and the environment should be a priority for every stage of the value chain, from suppliers to the logistics, from work to the sale of the set in the store (Planntin, 2012, Cervellón and Wernerfelt,

2012). We have to consider the challenge as a balancing act between brand exclusivity and the globalisation of luxury brands (Tynan et al. 2010). Besides, particularly in emerging markets, luxury brands are accused of tightening social inequalities and the tensions between rich and poor (Kleanthous 2011). Therefore, reasoning that the luxury industry is extremely sensitive to reputational damage and consumers in all social classes are increasingly concerned about social and environmental issues (Bendell and Kleanthous 2007; Cone 2009; Kleanthous 2011; Janssen et al. 2013), the concept of sustainability has to become a priority for luxury brands as well.

However, existing studies give evidence showing that the luxury industry is perceived by experts and consumers to lag behind other industries in terms of sustainable commitment (Bendell and Kleanthous, 2007). Positive attitudes towards critical consumption are not necessarily followed by even positive intentions, in contrast with the theory of reasoned action (Ajzen and Fishbein, 1980). Although some research (Brown and Dacin, 1997) has shown that a favorable CSR is positively related to overall product evaluation, more recent findings have suggested that a positive CSR can have a negative effect. Specifically, when products are high quality, a positive CSR can lower purchase intentions (Sen and Bhattacharya, 2001), and when firms are perceived as less innovative, CSR can decrease customer satisfaction and financial returns (Luo and Bhattacharya, 2006). This prior literature on CSR has primarily explored how a company's overall CSR (e.g., its record with regard to diversity) interacts with other firm-level attributes (Luo and Bhattacharya, 2006) and consumer level

individual difference variables (Sen and Bhattacharya, 2001) to influence evaluations of the company's product lines. The aim of the current research is broadly related to this prior research because we also consider the ways in which ethical superiority may or may not benefit a company. However, it is important to consider the strong symbolic value that consumers attach to products of luxury and fashion, the most innovative, attractive and changing productive sector of our times. Hence the "holistic" sustainable entrepreneurship suggested by Freeman can rise to the general principle of a new business model that is ideal for companies of luxury, which needs a different relationship between all actors, a green agreement. It follows that the assessment of the economic performance of a company of luxury can not be detached from risk considerations and the sustainability of investments, and must therefore deal with the sustainability of the entire chain of production processes that regulate it, more and more often managed within companies from the departments of CSR - Corporate Social Responsibility. Here we return, therefore, to the word "responsibility", this time extended to the strategic management of business processes. With so much greenwashing and falsified statements on sustainability, companies must demonstrate that they are actually walking the walk, rather than just talking the talk, and getting involved in driving the change in industry is a great way to do this. We can now take the example of some luxury companies, such as *Gucci Group*, *Tiffany & Co*, *Mulberry Group*, *Cartier* and *Burberry Ltd* and *LVMH Moët Hennessy – Louis Vuitton* that are all founding members of the Sustainable Luxury Working Group. The purpose of the group is to

discuss common environmental, social, and governance challenges facing the luxury sector, and to promote transparency, knowledge sharing, and collaboration across common global supply chains. In February 2011, they developed a set of animal sourcing principles. Gucci was also one of the first companies in the luxury sector to launch a voluntary certification process in the field of Corporate Social Responsibility alongside its entire production chain in 2004.

For ethical retailers, the challenge is to attract customers and help them understand the benefit in making the sustainable choice. Some retailers use incentive systems that help keep loyal customers by rewarding them with points that can be spent on the site. And customer loyalty is particularly important for new ethical brands that are trying to grow. Traditionally, customer loyalty is intended to improve the overall value proposition of the product or service and to motivate buyers to make the next purchase of a product. In this age of social media, loyalty programs could also successfully connect recommendations, reviews or social sharing of products or brands that help to increase visibility and communicate sustainability.

Despite its connotations of overindulgence and signaling of inequality plus the many other challenges faced, there are some brands showing how luxury fashion can successfully achieve and market sustainability and ethics. The luxury sector is very visible and influential because of its high profile consumers, VIPs and celebrities making it ideally placed to lead the way in raising awareness and understanding of the issues and driving behavioural change. There are many interesting examples of how luxury fashion is communicating

and marketing sustainability in innovative ways including multi level approaches that increase transparency, whilst keeping the message engaging and relevant to the audience but not diluting the overall brand message, which will be analyzed in the following chapters.

CHAPTER 3

PERCEPTION OF SUSTAINABLE LUXURY PRODUCTS: AN EXPLORATORY ANALYSIS THROUGH THE MEANS-END CHAIN

3.1 Research Objectives

In this part of the research we will show the results of our exploratory investigation aimed at collecting preliminary information for the development of a subject not treated so far in previous studies or research. Our explorative research is namely addressed to clarifying the nature of a problem, to collecting more information about a situation, and to providing directions for future investigations. A deep analysis of consumer perception offers the possibility not only to understand the cognitive aspects of products positioning, but also to build market development strategies. Understanding the motivational aspect is fundamental to gain a competitive advantage in marketing and planning. In the psychology of consumption, namely, we cannot find one single product, but as many products as the evaluating subjects are (Trevisani, 2002). A study about the behaviour of sustainable luxury and the motivations that determine it is therefore particularly interesting for the following reasons:

- The development of sustainable luxury market is in a preliminary phase, while the majority of existing studies about sustainable consumers are focused on consumer goods consumption;

- The Luxury market has very special characteristics, since strong importance is given to the symbolic meaning of goods, that, thanks to their high communicative capacity, provide an undisputed prestige to the subjects that own them;
- Studies regarding luxury consumers' behaviour towards sustainability have had opposing results since consumers have different values and perceptions of the products and of their characteristics.

In this regard, the means-end theory represents a privileged tool to understand motivations behind a choice. In this model the product is not, therefore, chosen and purchased for itself, but for the meaning that this object assumes in the mind of the consumer (Nielsen, Bech-Larsen, & Grunert, 1998a). Considering the theoretical positions defined in previous chapters, our research sets its objective in investigating the consumers' motivation in purchasing sustainable luxury products and in connecting these motivations to the product characteristics and to the consumers' beliefs and final wishes. To this end we will use the theoretical approach of the means – end chain. The use of the means-end chain theory as a methodological instrument is finalized not only to observe the hierarchical associations chain that a consumer, consciously or unconsciously, sets up in his mind, but also to highlight the possible barriers that slow down or prevent the development of the market of sustainable luxury products. A second goal was, in particular, to consider consumers that need a high status need on one hand, and those who have a low status need on the other, in order to compare their purchasing of sustainable luxury.

3.2 Methodology

3.2.1 The Means- End Chain Theory

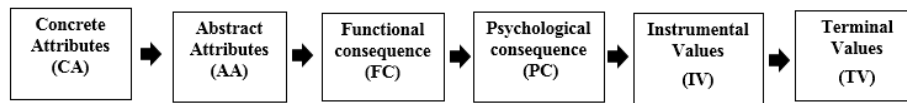
Understanding the consumer decision making process is one of the most relevant subjects in marketing research: one of the key functions in marketing is simply to create a psychological bond between consumer and product, or, in other words, persuade the consumer to associate the satisfaction of a need with the purchase of a product or a service. Conditioning the level according to which a product or a service is perceived as important, marketing operators can intervene directly on motivational push of potential purchasers and drive them to inform, know, and, ultimately, purchase. To analyze and interpret how consumers perceive the individually relevant consequences coming from the use and consumptions of the product in relation with their own values, a theoretical referring model is therefore necessary (Walker and Olson, 1991). The traditional economical theory does not help much in this regard. However, from the end of the '50s marketing studies were less oriented in focusing on the product and more on the customer, identifying in understanding customer needs a new target area to create value: the first motivational technique researches were born. Later on, thanks also to the integration of psychological theories with those from other disciplines such as sociology and cultural anthropology, the study of motivations that push consumers to buy is realized, finally reaching the elaboration of a conceptual model specifically aimed at increasing knowledge of the ways in which consumers confer a meaning or a personal relevance to a product that

justifies the purchase; this model is called Means – End Chain Theory (Gutman, 1982). The Means-End Theory is aimed at identifying the ties between behaviours and values, to understand how the choice of a product or a service helps to reach a desired condition. By Means we mean the purchased products and the services, while Ends correspond to the terminal values proposed by Rokeach (Rokeach distinguished between terminal and instrumental values systems). Analyzing the bond between consumer and product, the Means-End theory approach tries to reveal often hidden motivations that drive consumers' choices (it is a relatively recent idea that consumers' choices aren't simply driven by functional aspects of a product, but mostly by the psychological component that a product can create). Elements that build the mental chain of Means-end Theory are:

1. Products attributes : they represent the first level of knowledge, the conscious motivation, that is the immediate explanation that the consumer expresses when he must motivate their choice;
2. Functional and psychological consequences created by consumption of products: they represent a motivation not always conscious, they can be considered an intermediate level of awareness, that is necessary to understand in order to reach a final and more important level of the chain;
3. Instrumental and terminal values: they build the last level of the chain, and represent namely that deep and unaware motivation that pushes the consumer to purchase a product. The terminal values are the beliefs about the objectives to reach, the instrumental ones are beliefs about behaviours to adopt to reach those objectives. The Means-End

theory therefore connects information about products (their intrinsic characteristics and expected consequences after their use) with information about oneself (connections between expected consequences and preferred values). The mental scale is graphically reproduced in Figure 3.1.

Figure 3.1 :*The Mean-End Theory*



Source: (Walker & Olson, 1991)

A Means-end chain is therefore a conceptual structure that connects a product, with a consumer (seen as value bearer). Product attributes lead to several consequences when used that can in turn satisfy consumer values. Such chains are strongly subjective and individual differences are due to factors such as personality, concept of self and life style.

3.2.2 The Laddering Technique

The most frequently used technique to concretely measure the connections among characteristics, consequences and values and to reveal consumer cognitive structures is named laddering.

Laddering is a qualitative technique of deep interview used to understand and evaluate the Means-end chain. The main aim of laddering is to rewrite a cognitive map of relations among products, attributes, benefits and values, and to represent it graphically. Through laddering the reasons of a purchase choice are investigated, trying to

determine which product attributes have determined it, the benefits perceived in association to those attributes, until identifying terminal values that one is supposed to assert with this purchase behaviour (T.J. Reynolds and Gutman, 1988).

To analyze information related to means-end chain it is necessary to use an appropriate research strategy, since consumers are not generally able to retrieve them in detail when necessary. Even motivations to purchase products cannot be revealed when asked directly to consumers; in most cases, they are not aware of their decisional process, neither are they able to reveal spontaneously their personal reasons inducing them to choose a certain product instead of another (Grunert and Grunert, 1995).

The laddering based procedure is made up of three different phases:

1. Identification of the main characteristics of the product of our investigation (selection): the interviewed subjects are induced to verbalize the concepts they use to value the products (or any other interesting stimulus);
2. Recognizing benefits and values (data collection): the interviewed subjects are induced to reconstruct connections among attributes/characteristics, benefits and values and to return the steps of their path to higher levels of abstraction. We start namely from a concrete level represented by the material product characteristics to reach the more abstract one of values, that is located far distant from any physical reference;

3. Analysis of results (map building): to the verbal individual responses we apply a group of analytic procedures that combines them in a map of aggregated cognitive map;

The used technique simplifies consumer consideration about their personal motivation to purchase. Once relevant attributes have been elicited through one or more available techniques, this methodology plans to move to the proper laddering interview. This technique is convenient in “inducing” the consumer to think about the relationship among attributes – consequences – values. In order to urge connections between the several elements of the chain, we ask the interviewees to express the sequence attribute – consequence – value asking them repeatedly a simple question: “why is this attribute -consequence-value important to you/according to you?”

Each consumer builds in this way one or more ladders connecting their motivations to the attributes, to finally reveal the values connected to their choices (Gutman, 1982). In this context, the laddering application allows the buildup of net of connections, the HVM, that explains their behaviour with products and/or services, and also the barriers at entrance that prevent a higher diffusion of certain products and/or services. The connections that consumers consider personally relevant and that allow map building, can be examined in depth even in the view of different influence of personal, socio-economical details or of any other indicator to be examined more deeply in order to identify the several motivational drives to specific market segments.

3.2.3 Data Analysis and Interpretation

After data collection through the laddering technique, four phases of analysis follow:

I. Content analysis and data codification:

The examination of verbal answers generated by laddering starts with content analysis aimed at reducing the answers to a more reduced set of meanings: each answer receives a category code, removing personal expressions of similar base thoughts, identifying in this way a set of standard concepts that resume every attributes, consequences and values mentioned in answers given during interviews (Miceli et al., 2003).

II. Derivation of implication matrix:

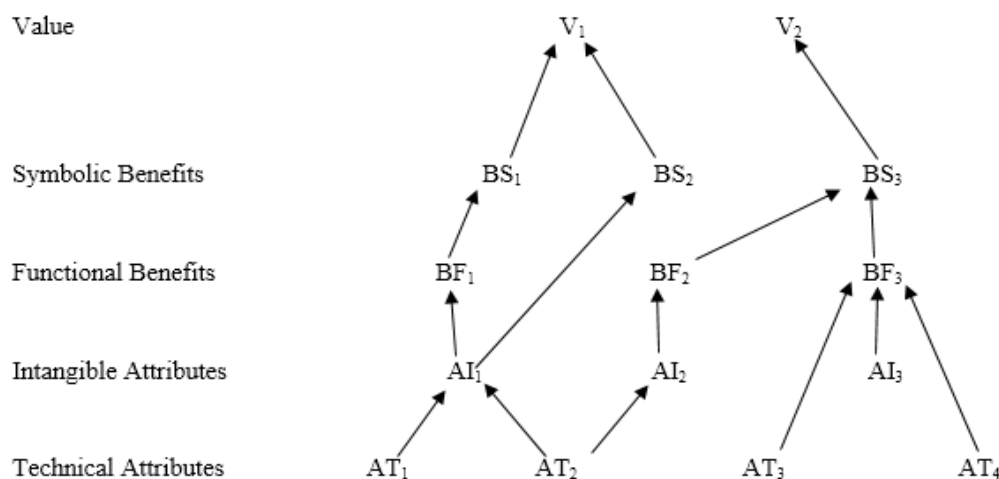
Implication matrix is a square matrix showing in lines and columns the concepts previously exposed. Data put in cells show frequencies relative to all subjects of the sample with which an attribute, consequence, value (i.e. an element on the line) leads directly or indirectly to another attribute, consequence, value (i.e. an element on the column). A data is, therefore, recorded in a particular cell of the matrix when the concept placed on the line precedes the concept placed in the answers column obtained in rising (Miceli et al., 2003).

III. Building of Hierarchical Value Map:

Finally, starting from the implication map, a map is built rewriting hierarchical relationships at aggregate level, that is referring to the entire sample. Such a map is called an “Implication Map” and shows graphically the content and structure of consumers. It consists of a whole of knots and lines; knots represent the conceptual meanings,

classified in attributes, benefits and values; lines that unite knots are the associations among those concepts. Furthermore, in its original form (T.J. Reynolds & Gutman, 1988), it is presented as a tree diagram: the concepts at value level are on top as abstract final concepts are those which are connected through a series of associations to less abstract concepts; attributes related to more concrete concepts are inclined to be positioned at the bottom of the map because they consist mostly of the stimulus that has started the rising process; in an intermediate position we find benefits perceived in association with the attributes that contribute to realize final values (Miceli et al., 2003). Here below in Figure 3.2 the general form of cognitive maps (hierarchical map), is reported.

Figure 3.2: *Hierarchical Value Map*



Source: Raimondo (2010).

When building the map, one tries to maintain balance between the retention needs of data and synthesis. In this concern, a limit value is selected to determine which relations must be represented on the map and which ones must be removed: only those associations mentioned by at least a certain percentage of respondents (e.g. 5% out of a sample of 90 individuals) are included in the graphical representation. Furthermore, redundant associations are eliminated: if concept “A” is associated either to concept “B” or to concept “C”, concept “B” is associated to concept “C”; in the map only segments AB and BC will be traced because segment AC is redundant, that is, it is already represented in a path. The theory of means-end chain and its relative technique of laddering have been employed in several usages: some applicative ones, others purely academic (Botschen&Hemetsberger, 1998; Cozzi& Molinari, 1990; C. Gengler& Reynolds, 1995; Jolly, Reynolds, &Siocum, 1988; Nielsen, ValoriConseguenzeAttributi 30 Bech-Larsen, &Grunert, 1998b; T.J. Reynolds & Craddock, 1988; Thomas J. Reynolds &Gutman, 1984; T. J. Reynolds &Whitlark, 1995; Valette-Florence, 1998). As previously described, the typical output of studies about means-end chain is a cognitive aggregated map (hierarchical map), that offers an effective graphical representation of the content and of the organization of cognitive structures in a group of consumers with reference to a certain category of products. Just as in most marketing research, the use of a graphic to visualize information mainly carries out three functions (Klenosky, Gengler, &Mulvey, 1993): storing information, communicating it and facilitating the data elaboration process. A graphic can work as a data base of information

by translating data in a sign system, that is in a symbolic form; furthermore, it organizes data, often available in a chaotic form, transforming it into significant information; finally, an effective use of symbols can help individuals to assimilate rapidly complex relations (Miceli et al., 2003).

IV. Finally proper analysis of results:

Analysis of data is a process of inspecting, cleaning, transforming, and modeling data with the goal of discovering useful information, suggesting conclusions, and supporting decision-making. Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, in different business, science, and social science domains.

3. 3. Research Design

3.3.1. Questionnaire

The choice of survey tools and primary data collection has been taken considering the research characteristics. A questionnaire has been chosen with open and close questions of a limited number.

In the questionnaire we put a question forward which would enable us to understand if the interviewee purchases luxury products to satisfy the social status need (Likert scale 1: absolutely disagree 4: neutral 7: completely agree), in order to compare, as far as the purchase of sustainable luxury is concerned, those with a high status need and those with a low status need.

To record the status need a Likert style scale (1-7) has been used, composed by five items: 1) I'd buy a product just because it is a status symbol (i.e. it points out an elevated social status); 2) I'm interested in purchasing new status symbol products; 3) I'd pay more for a status symbol product; 4) the prestige that purchasing a status symbol product guarantees me, is relevant to me; 5) I value a product more if few people possess it (Eastman, Goldsmith, and Flynn ,1999). The construction of the questionnaire has been made considering the objectives of the research, that we can synthetize in three principle macro areas:

1. ***Motivational dimension***, destined to information collection through soft laddering technique; (question N.2 and N.3) since it is the most demanding part, it has been located at the beginning of the questionnaire, in order to avoid finding the interviewees tired or in a non-cooperative mental state. The aim of the laddering interview (N.2) is to let motivations emerge that push the interviewee to purchase sustainable luxury products rather than non-sustainable products. Once the interviews have been translated and analyzed, we have allowed the building on the means-end chain for each single interviewee and, successively, the building of final motivational maps, either considering consumers individually, or comparing groups of consumers with a high or low status need. At the end of this phase motivational scales have been elaborated and discussed. The net of associations performed by different groups of consumers has permitted the study of analogies and differences when connecting product and consumer. In question N.3 interviewees have been requested to express

their own appreciation degree of a sustainable luxury product on a scale from 1 to 10 in order to have a quantitative evaluation of the effective importance given to sustainability in a luxury product.

2. ***Cognitive dimension***, aimed at individuating and understanding the level of knowledge that respondents have of sustainable luxury concepts (either real or perceived) and consumer experience; furthermore the level of perceived contradiction between luxury and sustainability. They have been put in order to analyze the effective knowledge of a sustainable luxury product (questions N.1, N.4, N.5, N.6, N.7, N.8, N.9). Question n.1, that is the opening question of the questionnaire, asked for a definition of a sustainable luxury product and an explanation of the difference between a sustainable and a non-sustainable product. Although the obtained definition has allowed us in just a few cases to discriminate between a “deep” and “intermediate” knowledge, the length and precision of the answer has allowed us to identify immediately completely inexperienced interviewees. In question N.4 the interviewees were requested to self evaluate their own knowledge of sustainable luxury products. Questions N.5 and N.9 aimed to investigate the real knowledge of the sustainability concept and if this can be associated to luxury concept,

3. ***Individual dimension***, dedicated to socio demographic data collection of individuals. Since it was the least demanding part for the interviewee, it was placed at the end of (questionnaire questions from N.10 to N.13): the following socio-demographic characteristics were found out:

- Age

- Sex
- Education level
- Monthly income (in euro).

The core of the questionnaire is represented by the laddering interview (1), while individual and cognitive sections (2e3) have been designed with the objective of defining the discriminant to use for a further production of scales. The questionnaire has been realized implementing a logical sequence of questions, so as not to provide information to the interviewees about the following contents of the interview. Considering the specificity of the subject dealt with and the intrinsic complexity when leading a laddering interview (due to the elevated number of open questions), when we decided the general layout of questionnaire, we tried to limit the number of “predefined” questions as much as possible, rather leaving it down to the interviewees to freely and spontaneously express their own point of view about the subjects treated or to deepen contents that emerged during discussion.

3.3.2. Procedure

Data collection was performed in the time ranging from October 2015 to January 2016, in my hometown, Naples. Thirty in-depth interviews were conducted in total, aimed at analyzing the complex of factors that drive behaviour to the purchase, or not, of sustainable luxury products. It must be pointed out that being an investigation of a qualitative type and with a limited number of interviews, the sample does not permit a

precise representation of the reference population. After all, the aim of this analysis is not the precise representation of the phenomenon, but aims to be an intensive study of a reduced number of cases, whose value is expressed in the possibility of obtaining deepened information about the motivation of interviewed subjects and in their relevance with reference to the studied object. For this reason attention will be focused on the characteristics of the studied cases in their whole and so the considerations that will emerge when we analyze the results, will necessarily reflect not only the heterogeneity of the sample but also, in a certain way, the component of subjective interpretation of the researcher.

Interviews were performed in public places located in several parts of the city and the interviewees were randomly recruited from the point of view of their socio-demographic characteristics; however, given that the primary objective of this survey is to get to know the motivations determining the purchase of sustainable luxury products, and having considered the difficulty found in previous research in recruiting subjects with experience of purchasing such products, some of the interviews were conducted inside shops or luxury boutiques. Every interview lasted about 25 minutes, and considerations or comments worthy of interest have been directly reported in our questionnaires.

3.3.3. Sample description

As we can see from Table 3.1., the profile “medium” interviewee is that of a person of adult age (the average age was 35), with a high level of education and medium- high income. This segment represents an

important category at which to base marketing strategies and politics aimed at developing luxury companies; these companies, rather than considering young people as a part of their current market (mainly acting as luxury excursionists), should consider them as the backbone of their future market (either as customers who engage in trading up, or as customers firmly placed at the top of the luxury pyramid); this is also highlighted by recent research carried out by Nielsen Global Survey of Corporate Social Responsibility and Sustainability which showed that of a sample of 30,000 individuals in 60 countries, in the 60 markets surveyed, the average band of age most likely to pay more for sustainability are those of Millennials (21- 34 years).

Table.3.1: *Socio-demographic description of the sample group (N= 30).*

Observed data	Options	%
Gender	Male	53
	Female	47
Chron Age	Lessthan25	13
	26-55	54
	56 or more	33
Educational Level	Universitydegree	59
	Secondaryschool	24
	Elemmentaryschool	17
Monthly Income	Lessthan 2000 euro	30
	2000-5000 euro	53
	More than 5000euro	17

3.3.4. *Data analysis*

Data codification and contents analysis are the two steps that follow the data collection phase through to laddering. They consist in reducing the set of correct words used by interviewees to a smaller number of meanings that still maintain a strong semantic connection with the original meaning. Therefore, the category “it respects the environment” includes expressions such as “green product”, “that safeguards the environment” or “eco-friendly”. Providing the form “need for status”, then, it was possible to discriminate two categories of consumers:

- Consumers with high status need
- Consumers with a low status need

Calculating the average item for each interviewee, the more the average approached 7, the more a customer with a high status need could be identified. We could calculate the 5 items average as correlates ($\alpha=0.88$)

3.4. Means-End Chain Representation

3.4.1. *Individual Scales*

As described in the paragraph about methodology, the production of aggregated scales starts with the analysis of individual scales. In many cases the interviewees showed an open inability to proceed beyond the

competence level, and, since it was impossible to lead them to formulate a final value without suggesting the “right answer” (in this way introducing a strong risk of excessive influence of the interviewer on the final result), we preferred to leave the scales incomplete.

Connection of luxury to sustainability

One of the first considerations is that sustainability and luxury are two concepts that may coexist. The relationship between them may have different characteristics. Sustainability may enforce the exclusivity of a luxury product; this is what happens when sustainability increases the brand exclusivity and then its perceived value “*if it is an eco-friendly product then I’m more willing to buy it*” (interview N.1). Sustainability is perceived as an additional quality to a luxury product, somehow to be considered “instrumental”, “*With the price I pay, it would be boring to know that those brands are not sustainable*” (interview N.4). Sustainability then can be either a tool or the source of luxury.

Table 3.2. *Interview 1, Scale 1*

Attribute	Consequences	Value
- High Price	<ul style="list-style-type: none"> - High quality - They consider sustainability - Expectations must be fulfilled - Satisfaction 	- Self esteem

Table 3.3. Interview 4, Scale 4

Attribute →	Consequences →	Value
- It respects the environment	- Cleaner environment - Feeling better with oneself	- Self esteem

Packaging importance

Other interesting data is connected to the packaging appearance. The characteristic “packaging appearance” was mentioned by many interviewed participants, either in positive or in negative terms; however, what really matters is to indicate its importance in marketing and to recognize the product value. Packaging, therefore, is an optimal tool to express the new awareness of luxury since consumers evaluate the use of a non-polluting package as a sustainability parameter of the brand, especially for luxury goods such as perfumes and cosmetics. So, there is no problem for consumers to use recycled material for packaging (that will be destroyed and wasted), while they have reservations when the word “recycled” concerns the product (Achabou e Dekhili, 2013).

Table 3.4 Interview 26, Scale 26

Attribute →	Consequences →	Value
- Packaging realized with recycled material	- Congruence with product value - Cleaner environment	

Analyzing interview content it emerged that the materials used to package sustainable luxury products must be sustainable as consumers expect product and packaging to be congruent.

Environmental and social safeguard

Sustainable luxury sometimes acquires not only environmental, but also social significance. An authentic sustainable luxury concept derives from it (Thompdon et al. 2006): sustainability of authenticity incorporated in natural resources increases exclusivity of luxury goods obtained from the same resources. Authentic luxury consists therefore in shared project and quality based on the integration of competences. Products distinguishing themselves even by high positioning can be accompanied by prices that, though reaching high levels, are not prerogative of the sole luxury segment. It follows that sustainable luxury can also be accessible luxury and therefore shareable not only by a business community, but also by a consumer community that recognize themselves in the sustainability project exposed below (Carù e Cova 2011).

Table 3.5. *Interviwi 7; Scale 7*

Attribute →	Consequences →	Value
- It respects the environment	- Cleaner environment - It respects society - Reassurance	- Happiness

Association between handcrafted luxury products and sustainability

Luxury and sustainability paths can also cross, especially when the former rediscovers its handcraft soul. A connection has been observed between handcrafted luxury good and sustainability “this product is handmade, so I assume it’s sustainable” (interview n.19). One of the basic principles for a real luxury strategy (Kapferer e Bastien, 2012), namely, is to produce locally with talented artisans, and to respect raw material sources (Kapferer, 2010).

Table 3.6. Interview 19, Scale 19

Attribute	Consequences	Value
-Environment respect	- Appreciation of territory and of its natural resources, support at work -Handcrafted/Handmade - Feeling noble and fashion - Feeling important/selfsteem	-Happiness

Sustainable luxury product has as its fundamental characteristic respect of the environment that has led to the elaboration of different scales for each interviewee.

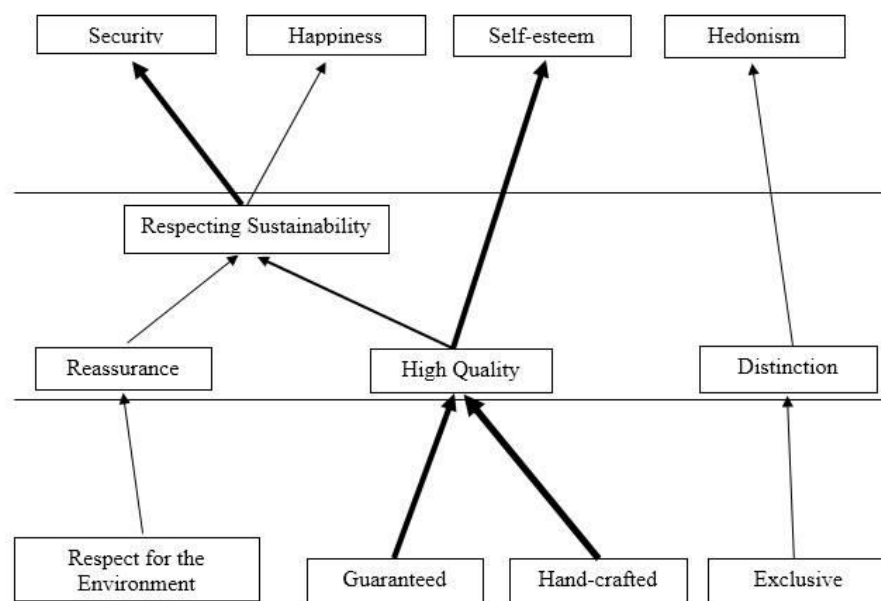
3.4.2 Aggregated scales

The consumer group with a low status need has pointed out the following attributes, decisive in purchasing sustainable luxury products and directly connected with the concept of quality: respect of

environment, handcrafted, guaranteed. As we can see, the terminal values leading consumers' purchase choices, strictly connected to the consequences and attributes of the product are: sense of “security”, “self-esteem”, “happiness”, and “hedonism”, as we can see in the Figure 4.3.

Figure 4.3: Aggregated scale of consumers with a low status need

(Interviewees 11, Cut-off4)



Notes: In the map shown in Figures 4.3, Cut- off level equal to four means that only the links mentioned four times at last by respondents were considered in the map. The blocks contain the description of various decoded constructs and the size of the arrows that connected the blocks is proportional to the number of connections between the constructs (the bigger an arrow is, the stronger is ladder between one construct and another).

A sustainable luxury product is, by definition, a “guaranteed” product for 54 per cent of these consumers. The protection factor plays a central role in sustainable luxury products with direct and wide-ranging effects on the person, on the psychology of the individual. The other main

association, (for over 63 per cent of the sample group), is the relationship between “high quality” and “hand-crafted”; a handcrafted product is guaranteed to be well-made that respects the environment. To summarize, these consumers associated three main consequences to the attributes related to sustainable luxury products: the opportunity to “distinguish themselves”; the “high quality” of the product; the “reassurance” of possessing a good product that is also sustainable. In particular, 27 per cent of the subjects buy luxury products to “distinguish themselves”: not so much to feel different or superior or even to be noticed or to show off, but as a desire to be able to own products that reflect their personalities and personal styles.

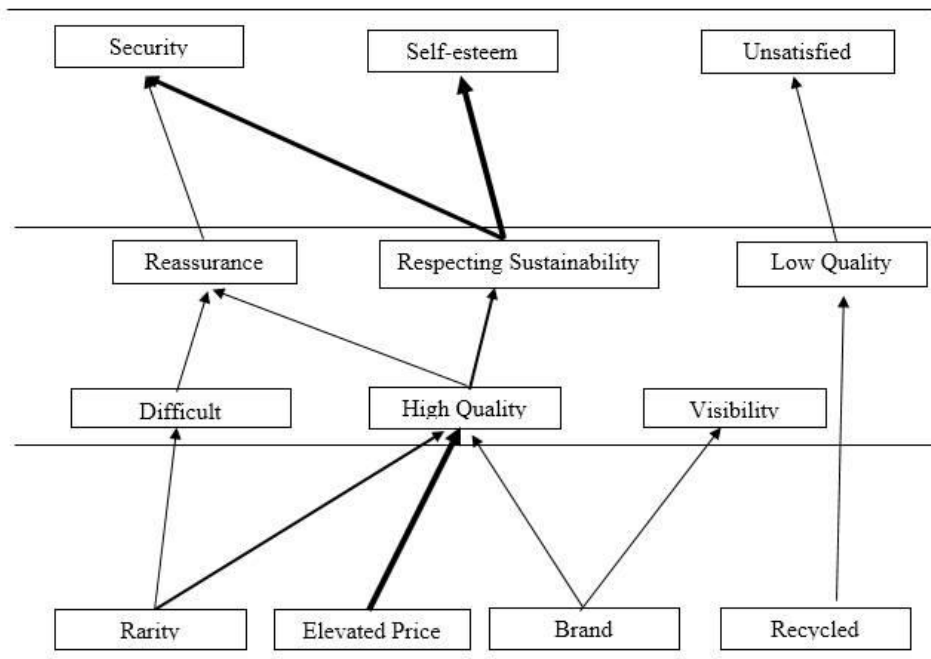
Consumers with a high status need identify quality as resulting from attributes: *brand, high price, rarity*. In this case the attributes: *respect for the environment and handcrafted* are missing. 40 per cent of the sample group identified “high price” as an important element in describing a sustainable luxury product, sustainability is perceived as an additional quality to luxury product. Attributes leading to quality building are therefore different in the two groups but in both cases the value that emerges is self-esteem. This, together with security, is common in the two groups but, while for consumers with low status level important values are hedonism (meaning personal gratification) and belonging to a community sharing the same passion, consumers with high status level pursue security above all in purchasing and happiness deriving from possession of the product.

Qualitative dimensions therefore assume different importance in involved or non-involved groups of consumers: the former identify

with cognitive (terminal) dimensions, while the latter identify more with sensorial (material) characteristics even though they are not always able to describe them appropriately.

Fig. 4.4: Aggregated scale of consumers with a high status need

(Interviewees n =15, cut- off=4)



Note: Notes: In the map Figures 4.4, Cut- off level equal to four means that only the links mentioned four times at last by respondents were considered in the map. The blocks contain the description of various decoded constructs and the size of the arrows that connected the blocks is proportional to the number of connections between the constructs (the bigger an arrow is, the stronger is ladder between one construct and another).

Sustainability is used as a status element, but it assumes a different importance in the different groups involved: while the first group endorses cognitive dimensions (terminal values), the second identifies more with physical characteristics. It is thus possible to recognize two categories of subjects: those who prefer to “be sustainable” and those for whom “looking sustainable” is enough.

CHAPTER 4

INTERVIEW AND CASE STUDIES

4.1. The Interview with a Luxury Brand Manager

In this chapter we report the interview undertaken with the highly experienced international executive Macodau Fall, manager of Luxury goods and Fashion, and provide an analysis of five luxury companies (Gucci, Chanel; LoroPiana; Tiffany& Co.; Fendi). Our aim is to understand how important sustainability is to luxury companies and whether they think it is an asset of their “brand”, and one that they can eventually use to increase its value. Dr. Fall, a greatly experienced manager in luxury sector, has aided us in understanding how luxury companies and consumers approach the issue of sustainability.

Getting straight to the heart of the interview, the first question regarded the main conditions of sustainability in the luxury sector⁵; according to Dr. Fall, fashion in general and luxury in particular have never been concerned about sustainability for a very simple reason:

”they never needed it, since their main characteristic has always been craftsmanship, and not being a high industrialized sector, but one with an elevated manual and handcrafted content, they never had any sustainability problem”.

We can deduce that the sustainability issue then comes into play when volumes grow to the point that they switch to industrial production, with all the inconveniences that it may bring with it. As far as

⁵The questions which form the basis of the interviews are to be found in the appendix.

sustainability is concerned, the luxury sector is a latecomer; discussions relating to it have started just recently, and only large groups such as **Gucci** have made substantial investments. This company has a sustainability supervisor for each brand, so that there is an internal figure for each brand of the group that deals with this aspect. Trends are changing at present, but according to Dr. Fall's opinion:

“this happens more for requirements connected to communication factors than for environmental protection. It is therefore a marketing concern, rather than a real interest in the cause”.

Companies have realized the importance that this issue is gaining among consumers and the necessity to include it in their communication mix. While the product must be beautiful and well-made, a new dimension somewhere between the social and the hedonistic is represented by the ability of the product to provide consumers with a sense of well-being, linked to the knowledge that a certain product is gifted with a “social soul”, attached to a territory and correct in its rapport with stakeholders. It is in this adoption of a strategic perspective that it is important to read the competitive component with the social element. According to Dr. Fall, the main reason why luxury companies do not especially care about sustainability is due to the fact that a luxury product, real luxury, is handcrafted for the very few, with quite low volumes, and since the volume concept is antithetical to the luxury concept, this last one should not cause, by its own nature, any problem of sustainability:

“Luxury is sustainable born, when it's luxury for real. Nevertheless, companies are focusing at the same time on sustainability as an aspect

to keep under control, even though at the moment it doesn't contribute to the success of the company".

It means that the luxury market moves on brand and associated brand matter, i.e. it concentrates on a product and not on how this product is made or on the importance given to sustainability, so customer focus is mainly on product and on brand communication.

"The sustainability issue is not an element that comes into play when choosing a product, and so it is not communicated at first instance as such; but it is an element to which customers give value in general anyhow and is therefore institutionally communicated in a very weak way, and that's the reason why companies don't make it a brand communication element".

To add value to the image of the company in the future it will be increasingly important realize excellent and well-communicated social and environmental performance. Thereafter we asked what the main social initiatives undertaken by luxury companies are and Dr. Fall highlighted that:

"luxury companies work very hard on sponsorship of financings for social issues; but more than on social concerns, luxury market has always focused on arts, since luxury is often considered as an extension of the arts connected to a product. That is therefore the fundamental motivation: luxury companies supporting charity related to the arts".

In support of this thesis we mention, for instance, **Diego Della Valle** who assigned 25 million euros for the restoration of the Colosseum, or even the **Prada Foundation**, co-chaired by Miuccia Prada and Patrizio Bertelli from 1995, which is an institution dedicated to

contemporary art and culture. There is therefore a lot of money conveyed from the luxury world to the art world, but still very little to social issues: a few sporadic cases indeed. After that we asked if sustainable luxury is more coherent with internalized or externalized luxury. The interview moved therefore to wider talk, relative to changes of the luxury sector. Dr. Fall has pointed out the importance of the relative aspect of craftsmanship in this regard. He claims that many changes are taking place in the luxury sector, in the sense that those who were considered luxury brands up until recently are no longer considered as being proper luxury. This is due to the fact that for reason of turnover, initial public offerings, business growth needs, great groups like *Gucci* and *LVHM* have been forced towards mass choices, volume choices with the result that brands that were once for the chosen few have found themselves producing for the masses. All that has lead to an industrialization process that is obviously to be considered negative from a sustainability point of view. These are brands that consumers consider luxury goods mainly as a status symbol, therefore those we can consider “exteriorized luxury”. In opposition to this evolution, many minor brands or craftsmen are emerging thanks to new distribution systems such as the web, they are able to arrive everywhere in the world and provide a valid alternative to a luxury which is, by now, industrialized. We are dealing with brands with a very limited production, still strongly handcrafted but able to satisfy the needs of international customers. They are goods utilized especially as expressions of individual style, so of “internalized

luxury” and from Dr. Fall’s point of view those brands are, by their very nature, in line with sustainability issues.

We asked finally what the future of sustainable luxury can be under these circumstances. In this regard Dr. Fall thinks we are in a different phase now when it is not the brand that matters anymore, but rather the product:

“In my opinion the future goes in this direction, in the sense that the moment younger markets will be more mature and will have passed the “brand at any cost” phase, every company will follow the direction of handcrafted production and the needs of a sustainable process will be given the proper attention”.

But at the same time he recognizes that the main brands are also creating small divisions in which they begin to think in terms of craftsmanship as with **D&G**, for example, who have created a men’s tailor-made department, thus returning to sartorial sewing. They are going back and trying to restore those realities that had disappeared due to luxury mass production. We are losing skills and know-how, or perhaps better, we have already lost them. Such skills range from embroidery to the making of a certain kind of shoe seam. Such craftsmanship is rarely used because it is obviously associated with small numbers of consumers, but it is slowly re-emerging since companies are investing again in those skills and creating internal schools to revitalize these craftwork skills. These old skills are greatly needed since companies can no longer afford mass production but need to return to the special product, to the craft product, to the hand-made product. He therefore claims this to be the future. There will be the

coexistence of those small brands with very high craftsmanship content and therefore with sustainability on the part of those who will produce real luxury goods:

“Luxury is naturally going towards sustainability issues not because companies want to but because it’s the market and consumers’ trend. Luxury itself will go back to its origins; there won’t be the need to use the term “sustainable” anymore”.

In conclusion to this interesting interview, we can say that Dr. Macodau Fall has offered many explanations and provided food for thought regarding the current evolution of the sustainability issue from the point of view of both company and consumer. The companies of luxury begin to talk of sustainability, but the incongruence is still too large between the behaviour of companies and the expectations of the consumer. This gap must be bridged quickly so as not to have a negative impact on the reputation of the company, and as a consequence, on the ability to maintain a brand image with positive connotations. Furthermore, if, in the long term, they are picked up upon by the media, they may have to enter a phase of crisis management as in the case of Moncler.

As we can see from the interview, luxury companies that produce on an industrial scale, implement a particular focus on sustainability. The MEC results confirm how sustainability has become an expected element of luxury consumers. Now we must understand to what extent a company can be sustainable and how these issues contribute to its performance. To better understand if we are faced with a long-term trend, a comparative analysis was carried out, based on sales and brand

awareness, of five leading companies in the luxury sector with the aim of analyzing the current attention to the sustainability of luxury goods companies. The companies are: LoroPiana, Chanel, Gucci, Tiffany & Co. and Fendi.

4.2. The Case Studies

In our research we will point out the main brands that changed direction according to the sustainable luxury trend, to better understand the dynamics behind luxury industry and how they deal with the issue of sustainability. We have focused our attention mostly on leading companies in the luxury sector. Gucci Group and the Louis Vuitton Moët-Hennessy, a corporation that included over sixty luxury brands including Loro Piana and Fendi, are among the brands that pay more attention to sustainability, as well as Tiffany, leader in the luxury sector for the production of jewelry, which shows a high involvement in sustainability research. The production of jewellery is, among all the categories of luxury, the one that can be considered as most harmful to the environment. Another luxury brand that required particular attention is Chanel that used eco-friendly materials and craftsmanship in many of its most recent clothing pieces, as shown by the latest fashion shows, showing the trend of the company to move more and more to the "green". Table 4.1. show the revenue, the stock exchange listing and the market segment of these companies.

Table 4.1. *Economic Index* of Gucci, Chanel, LoroPiana, Tiffany & Co., Fendi

<i>Brand</i>	<i>Revenue (million)</i>	<i>Quoted</i>	<i>Market Segment</i>	<i>Company</i>	
Gucci	3.587	Yes	Premium	KER	
Chanel	N.a	No	Luxury	Chanel SA	
Loro Piana	505.5	Yes	Luxury	LVMH	Moët Hennessy - Louis Vuitton
Tiffany & Co.	884.8	Yes	Luxury	Tiffany & Co.	
Fendi	Na	Yes	Luxury	LVMH	Moët Hennessy - Louis Vuitton

Note: data 2014

LoroPiana, originating in Trivero, a town in Northern Italy, have been in the wool cloth business since the beginning of 19th century; with the incoming of the industrialization process in the last quarter of the century they move their business to Valsesia. The Lanificio (woolen mill) F.lli Lora & Co. was then born, and in the first years of the 20th century the Lanificio di Quarona di Zignone & Co. followed, remaining on the same premises. The current company was born on April 4th, 1924 on the initiative of Pietro LoroPiana who, advocate of technological innovation of process and product, left the team to create a new company that was up with the changing times and looking towards the future. He built the “Ing. LoroPiana & C.” in Corso Rolandi, which remain the group’s premises today. Grandson Franco LoroPiana succeeded in its management, and immediately imposed

himself in wool and drapery textiles for high fashion, a leading phenomenon of the post-war years. New markets were opening up and he promoted his products of selected wool and thin fibers, Cashmere first of all, within internal European markets and those of the United States and Japan. In the seventies his sons, Sergio and Pier Luigi LoroPiana, joined the company and replaced their father in the management as CEO, alternating in presidency every three years. LoroPiana concentrated further in cashmere and vicuna textiles and extra thin wool. The new division Luxury Goods was then initiated, producing exclusive lines for men, women and children. From the nineties onward retail development began: LoroPiana opened shops all over the world. In 2013 LoroPiana joined the group LVMH. LoroPiana represented an excellent example of a company marked by a profit driven sustainability concept: the whole value proposition of the brand is built around the concept of excellence of materials. To guarantee this they are very critical regarding both sources of supply control, and therefore the whole production chain, and with the constant drive to innovation within their entrepreneurial vision marked by authentic quality (vicuna was saved from extinction and is the most luxurious part of the LoroPiana collection). Late last year, the Italian luxury brand made what can be called a discovery: lotus flower fibre, a natural raw material produced on the lakes of Myanmar, extracted from the plant, hand spun and necessarily woven within 24 hours, producing a fabric akin to raw silk. The fabric has been made locally for centuries but is largely unknown outside the region. Now Loro Piana has started a plan to support a fully sustainable production, and launched a jacket made

with the first batch of cloth. The supply is so limited that the company has named it a summer vicuna, after the super-fine wool cloth it also uses. The Corporate Social Responsibility therefore goes beyond managing internal approach and it is far more than an institutional marketing element. It is instead a concrete, coherent and reliable strategy positioning itself around concepts such as ethics, respect for the environment and value creation for all stakeholders of the social formula (customers, suppliers, employees, investors, and the local community). Social Responsibility thus becomes one of the founding pillars of the brand's identity and the premise of competitive success.

Chanel, is one of the largest companies in the global perfume industry. Chanel started its success with the introduction of Chanel No. 5 perfume, which continued to be a top selling perfume into the 1990s. The company has since offered up more than perfumes, products including designer clothes and accessories that are sold in department stores and Chanel boutiques around the world. Chanel dates back to 1870, when Ernest Wertheimer moved to Paris during the Franco-Prussian War. Though the Wertheimer family would control the finances of Chanel, its creative vision for the company came from Coco Chanel. With the financial help of Pierre Wertheimer she developed a special fragrance in 1921 - Chanel n.5. Pierre Wertheimer appreciated Coco Chanel and wanted to help her succeed and, two years after its introduction, he founded Parfums Chanel to make and sell her upscale perfume. During the 1920s and 1930s Parfums Chanel

thrived. In addition to selling the famous Chanel No. 5 perfume, the company eventually introduced other fragrances. Meanwhile, Coco Chanel had a successful fashion studio near the Louvre museum in Paris. Although Parfums Chanel and Coco Chanel's design business flourished, the personal relationship between Coco Chanel and Pierre Wertheimer deteriorated. Coco Chanel felt the Wertheimers exploited her talents for their own gain. After a legal battle was lost by Coco Chanel, her fashion business suffered a severe slump and closed after the Nazis invaded France. After the war, accused of cooperating with the Germans, she was arrested but then liberated due to the intervention of Churchill. She left France for Switzerland. The battle with the Wertheimers went on over the post-war years, before finally arriving at an agreement that avoided further legal involvements for both parties. From Switzerland she could finally sell, though with limited rights, her perfumes to the whole world. Recently Chanel has "gone green" reported using eco-friendly materials and craftsmanship in many of its most recent clothing pieces. Chanel's spring/summer 2013 collection showed eco-friendly clothing. Showcasing the new designs, models proceeded on the catwalk along with wind turbines and solar panels. Chanel has paved the way for many other brands to not use real fur. In terms of the perfume and cosmetics field, Chanel does not test against animals or use any type of animal in its products. Chanel also has many charity events and fashion-shows that support a cause each year. The Chanel Pour le Temps Charity Fashion Show is one of the most anticipated events of the year. Chanel is not just a luxury name, not just a fashionable handbag. It's a banner of value to carry around.

Gucci, is an Italian Fashion company founded in 1921 by Guccio Gucci; the business specializes in handbags, shoes, dresses, perfumes, fragrances, trousers, leather and shirts. Success was immediate and it became a brand that was recognized all over the world. Retails were opened in Milan and New York. Guccio Gucci died in 1953, but its growth went on. In the mid 60s Gucci adopted its logo with the two “G”s crossed and its accessories were worn by world-famous celebrities like Liz Taylor, Grace Kelly and Jackie Kennedy. Great success followed on from this and new retails were opened in London, Palm Beach, Paris, Beverly Hills, Tokyo and Hong Kong. The brand then diversified its production, proposing prêt-à-porter collection. New markets were entered with new products, like children’s crocodile jackets with silver snake headed buckles. Business expanded more and more. In the 70s the company was acquired by Investors and quoted on the Stock exchange. It then turned from a single brand company to a multi-brand luxury group. The Gucci Group includes Balenciaga and Yves Saint Laurent among others. From 2000 on Gucci reviewed already existing symbols and created strategic partnerships on a communicational level. In 2005 they began a partnership with UNICEF that led to Gucci creating a special collection for the United Children's Fund with a percentage of its sales going directly to the Fund. There is also an annual Gucci campaign to benefit UNICEF, supporting various initiatives from education to healthcare for orphans and children affected by AIDS. In 2013-2014, the brand

donations from sales of the Gucci shopper bag would benefit UNICEF's "Schools for Africa" and "Schools for Asia" initiatives, which would give access to quality education for millions of children. Perhaps the most visible initiative has been Chime for Change, a campaign launched in February 2013 to support female education, health services and justice, in partnership with women such as Beyoncé Knowles-Carter, Salma Hayek Pinault, Halle Berry and Jennifer Lopez. Gucci is also concerned with environmental problems, so much so that the group decided to use eco- friendly materials and techniques of production. Together with high quality, craftsmanship, and Made in Italy, Gucci supports a sustainable luxury model. In 2004 it was one of the first companies to voluntarily start a path of Corporate Social Responsibility (SA8000) aimed at safeguarding the wellbeing of all employees and workers. Its environmental commitment materialized in 2010 with 14001 certification and the launch of eco-friendly packaging, reduced CO2 emissions, and the first eco-friendly products, among them biodegradable sandals, recyclable glasses and connected packaging. The whole production chain and territory is meant to be safeguarded and developed in an economically and socially sustainable way.

Tiffany & Co., is an American company founded in 1837 in New York that sells jewels in thousands of retail outlets located in many countries. The company was founded by Charles Lewis Tiffany and John B. Young in Manhattan. At the beginning they sold a variety of

items, including stationery and operated under the name Tiffany only. Later, when John B. Young became partner of Tiffany, the name changed to Tiffany & Co. Their first shop was opened on September 20th, 1837 on Broadway. In 1848, Charles Lewis Tiffany purchased the French Crown jewels. From 1845 on they published their Blue Book yearly to show their annual collection. With the help of experts, new materials and gems are created. Tiffany and Co gives much attention to sustainability and compiles its own Corporate Responsibility Report showing brand care not only for workers and employee conditions in the production chain, but also for the environmental impact of the materials collection. Production chains of diamonds, gems and precious metals can be long, complex and often opaque. Consequently, purchasers and retailers of jewels know very little about the origin of the materials for their jewels. Nowadays, the situation is radically changing. The jewel sector is increasingly committed to knowing more about the social, economical, and environmental impact of quarrying and mining, and to intervening so that these activities are conducted in a responsible way. Tiffany states that traceability is essential to ensure mining operates responsibly in a social and environmental context. It sets strict standards for responsible mining activity, and on their base they decide which mine will be their direct supplier. In order to achieve this, Tiffany has declared it will not be supplied by Alaska gold, due to the environmental effects reported by the Environmental Agency of United States. Tiffany & Co. produce the majority of their jewels in its own laboratories. Those labs respect the highest standard of hygiene and safety in a welcoming, comfortable and productive environment.

Furthermore, artisans are hired from local communities and paid an equal wage to guarantee that their production operations create a positive impact on the chain going from mine to customer.

Fendi, was started in 1918 by Adele Casagrande in Rome. In 1925 she married Edoardo Fendi, and the company adopted his name. Their five daughters Paola, Carla, Franca, Anna, Alda lead an ever growing company over the years, in cooperation with Karl Lagerfeld, who designed their FF logo. Business prospered, their style was recognized and acclaimed all over the world, and their products have been worn by celebrities. A great acknowledgement came in 1985 when an exhibit at the National Gallery of Modern Art in Rome celebrated their work. It was not just fashion. Their style was recognized as art, performed by true artists of style. They revolutionized fur, leather and luxury style. Their evolution never stopped. In 1987 they launched the more accessible line “Fendissime” of fragrances, handbags and accessories, followed in 1989 by the “FendiUomo” fragrance and Fendi Uomo menswear line in 1990. The LVMH group and Prada purchased 51% of Fendi from the sisters in November of 1999. Fendi made fashion history in 2007 by staging the first-ever fashion show on the Great Wall of China. As with many other brands, Fendi too provides its contribution to the environmental issue. The idea of recycling as a life style is the founding element of the Ilaria Venturini Fendi’s Carmina Campus Project. She reuses old material (such as PVC pieces, ancient carpets, hardware waste and so on) for

her production, rehabilitated by handcrafted work, in cooperation with African women. It gives life to the idea of fashion that creates without destroying, generating and regenerating products with respect for the planet.

To evaluate the effective application of the Corporate Social Responsibility logic and how pervasive it is within the company we have taken into consideration three main areas: the product, person management, and institutional initiatives that impact on the community with reference to the company. The first qualitative guideline to analyze politics of CSR is represented by the category of product: the objective is to point out, besides the core activities of each company, those socially responsibly produced collections and the eventually “green” initiatives (Table 4.2). From the cases analyzed, it emerged that almost all the companies taken into consideration have proposed products or special collections dedicated to a more responsible usage in the last two years. Those projects are, however, just sporadic experimentations; they do not represent a real reconsideration of the collections themselves. The second object of study was staff management in the company (Table 4.3). In this regard companies seem to be more active, indicating a widespread acknowledgement of the importance of relationships with employees. Regarding security the adhesion is almost complete, especially because companies had to respect the existing legislation. Relating to the development of workers competences, the adopted instruments are many, namely programs of

professional and management formation, and company welfare instruments such as programs that support parents and families, and the introduction of flexible work schedules to improve conciliation between family and work. The third investigation area deals with institutional initiatives of a social kind (Phylantropy& Promotion) (Table 4.4). Even in this case it emerged that almost every company is involved in philanthropic activities supporting causes promoted in most cases by ONG operating at an international level. They support global causes instead of, as might be more expected, social local causes with an impact on the territories where companies come from.

Anyway, although almost all the five companies are committed in philanthropic activities, not all of them are able to communicate it effectively, and more generally speaking, also the activities connected to the CSR managed by the company. Against a backdrop of such positive elements, an accurate analysis about the content and diffusion of such initiatives shows how many luxury brands are still far from identifying in Corporate Social Responsibility a value drive as important as making profits. For example, a section exists on most websites that is dedicated to issues such as “CSR”, “Ethical code”, or “ONG support”; they lack, however, the opportunity to establish a bidirectional dialogue with all those stakeholders to whom the offer is directed, in order to share opinions, instances or simply considerations. Furthermore, scarce information is available regarding safety and health of workers: only a few companies make the effort to define in detail concepts such as “psycho-physical integrity” or “quality of

workplace”, limiting themselves for the most part to generic statements.

Finally, expanding our considerations to an international plan, we cannot forget how charitable causes, although they are given great resonance and whose importance is without any doubt in absolute terms, are definitely underestimated when compared to the economical possibilities of those companies. The funds designated to charity are often just a small percentage of the profits made. Positive evidence remains of a progressive diffusion of CSR politics; probably the experiences of the companies we analyzed, that are characterized by the ability to combine orientation towards CSR, strategic positioning choices and economic-financial performance, are indicating a new path that may not be for every company, but could deeply transform the way of making business in the luxury world of the next decade. We can assume something is changing in the luxury world from the diffusion of measurement systems of the performance of luxury groups based not only on business results but also on results obtained with regard to their environmental, and social performance at governance level (Table4.2). Such instruments are widely spreading among financial analysts so that they are able to influence decision about equity investments.

Table 4.2. *Product and Social Responsibility of Gucci, Chanel, LoroPiana, Tiffany&Co., Fendi*

<i>Brand</i>	<i>Core Activites</i>	<i>Socially Responsible Products Collection</i>	<i>Green Initiatives and renewable resource</i>
Gucci	Leather, footwear, clothing, silk, watches, jewelry, perfumes, accessories	Promotional campaign “ Bring your Own Bag”; the label launched a design contest in sustainability; launch of eco-friendly sunglasses made out of biodegradable material known as liquid wood. ‘Sustainable Soles,’ shoes made out of a biodegradable material as an alternative to petrochemical plastic.	Donation to the National Wildlife Federation to safeguard the Amazon rain forest; introduction of a metal-free tanning process this technique is non toxic and reduce the waste of water; the eco-friendly office policies they are implementing such as replacing all lights with eco-friendly LED bulbs and low-flush toilets; reductions flights business employees by 30%. 80%.
Chanel	Clothing, accessories, eyewear, perfumes, jewelery, watches	Watch for charity auction "Only Watch", Monaco 2011	N.a.
Loro Piana	Clothing, accessories, footwear	N.a.	Effort in complying with local communities, integral and help in their development.
Tiffany &Co.	Jewelry	N.a.	Forest Stewardship Council (FSC); certificate material.
Fendi	clothing, accessories, footwear, home	Carmina Campus, a line of bags and jewelry	Recyclable materials (PVC, antique carpets, bread bags, scraps of hardware etc.)

Table 4.3. *Staff Management of Gucci, Chanel, LoroPiana, Tiffany&Co.,Fendi*

<i>Brand</i>	<i>Employees</i>	<i>Action</i>	<i>Security</i>
Gucci	N.a.	Scholarships, book vouchers, agreements with nurseries, commitment to facilitate maternity, and paternity (extension of part-time), subsidies for the personal needs of employees, health insurance company, corporate contributions to the pension fund.	Yes (ISO 28000)
Chanel	N.a	N.a	N.a.
Loro Piana	2.600	N.a.	Yes
Tiffany &Co.	9.000	Comprehensive health care: doctors and dentists for full-time employees and part-time medical coverage of 100%, Wellness "support" programs for smoking cessation, fitness reimbursement (up to \$ 450 a year), yoga classes, disability benefits and leave of absence, "Return-to-work" program, life insurance long-term sickness benefits and days of mourning, defined contribution pension, tax concessions, access to financial advisors, distribution ordinary shares, discounts merchandise, gifts for anniversaries of work, marriage, birth and adoption of a child or retirement communities and creating events for building meaningful relationships between employees, financial support to philanthropic interests of employees, training, development of team building through volunteer work, social events, marathons.	Yes
Fendi	N.a.	N.a.	N.a.

Table 4.4. *Philanthropy and Promotion of Gucci, Chanel, LoroPiana, Tiffany&Co. Fendi*

<i>Brand</i>	<i>Charity Work</i>	<i>References to SA 8000 CSR on the website</i>	
Gucci	Partnership with UNICEF (the total funds donated to over 10 million USD since 2005) Sodalitas Foundation in 2011, collaboration with NGOs Greenpeace, Rainforest, Human Society and League Donation to the program UNICEF 'Schools for Africa (2011) Patronage ambientale.2013 "Chime for Change, "Kering Foundation.	Yes	Yes
Chanel	2012 charity dinner for the "Natural Resources Defense Council's Ocean".	No	No
Loro Piana	Agreement to work with the Royal Society for the Prevention of Cruelty to Animals.	Yes	No
Tiffany &Co.	Tiffany &Co. Foundation	Yes	No
Fendi	Main sponsor of the Art Walk to donate a house to the homeless; M-Art Charity	No	No

CHAPTER 5

CONCLUSIONS

5.1. Discussion of Results

Several studies, research, and analysis confirm the importance of sustainability as a factor that influences, positively or negatively, the purchase choices of consumers. Some argue that the luxury industry is logically moving towards sustainability since consumers have expanded their expectations of high quality to include environmental factors. Others propose instead the concept of *mistake in clean luxury*, claiming that consumers perceive luxury product as devoid of ethical problems and, in any case, even though consumers might be aware of potential ethical problems, they would not give any importance to them at the moment of the purchase of luxury goods.

Among the several analyzed theories, one of them claims that sustainability in luxury can be evaluated on the basis of four principal values: financial, functional, individual and social dimensions of luxury value. High quality, rarity, and craftsmanship cause elevated prices of luxury products to be paid for by consumers for the symbolic and material value they acquire through luxury products. The high price could in turn finance sustainable and ethical politics in luxury production (Grothand McDaniel 1993; Bendell and Kleanthous 2007). (Yeoman and McMahon Beattie 2006; Sarasin 2012). A scarcity of luxury products can convey the idea that luxury brands encourage responsible consumption and the protection of natural resources

(Janssen et al 2013, pp. 3). The functional dimension of luxury value refers to aspects such as quality, uniqueness, usability, reliability and duration (Wiedmann et al., 2007, 2009). Luxury may need skilled labor, so luxury brands are extremely interested in supporting skilled workers. “A high quality product or service will be the one that generates the majority of benefits for all the subjects involved in its production and commerce” (Bendell and Kleanthous, 2007). If we further consider the strong emotional attitude of customers when purchasing a luxury product, therefore also paying attention to the symbolic value of a product, we can assume that a large part of the sensitivity of a customer will focus on their decisional process in the choice of a luxury product. More educated and environmentally aware customers will direct their choices towards sustainable and ethical products (Bendell and Kleanthouse, 2007). We are dealing with a global process involving not only western countries but also the emerging classes of Asia, Eastern Europe and all new emerging markets (Bendell and Kleanthouse, 2007). Social and environmental commitment is therefore still very important and companies will have to state clearly and support with an effective communication their commitment to those values in order to gain trust and fidelity from their exclusive customers (Bendell and Kleanthous 2007, p.19). As we can see, many points in common between luxury and sustainability can be found and “purchase models of consumers in emerging markets become more and more demanding, even influenced by their western counterparts” (Kendall 2010, p. 9). The analyzed case highlights how enterprises willing to combine luxury and sustainability must give

value to attributes such as rarity, respect for the environment, and craftsmanship. Those attributes can be interpreted as founding elements of sustainable luxury. Sustainability has become a quality element that is strongly expected by customers of luxury: “Sustainability has become an implicit need without having previously been expressed “(Berger et al., 1993). Luxury brands must therefore fill the gap between expectation and reality in order to preserve their reputation. Furthermore, in attributing “need for status” it has been possible to recognize two different categories of consumers: consumers with great status need, consumers with low status need which has assisted in understanding if their motivations are actually connected to a greater sense of responsibility or rather to a sort of “eco-exhibitionism”.

Consumers with a great status need identify quality as resulting from attributes such as *brand, high price, rarity*. In this case attributes as *respect for the environment* and *handcrafted* are missing. Attributes leading to quality construction are therefore, in part, different in the two groups but in both cases the emerging value is self-esteem. This, together with security, is common to the two groups. However, while to consumers with a low status level hedonism (in the sense of personal gratification) and who belong to a community where similar passions that can be shared are important, consumers with an elevated status pursue security when purchasing, and also the happiness that comes from possessing the product. Sustainability is used as a status element, but it assumes a different importance to the different groups involved: while the first group endorses cognitive dimensions (terminal values),

the second identifies more with physical characteristics. It is thus possible to recognize two categories of subjects: those who prefer to “be sustainable” and those for whom “looking sustainable” is enough.

From a business point of view the interview have highlighted how the luxury sector is behind in regard to the theme of sustainability; this is because real luxury is born sustainable and so, by its own nature, should not cause problems of sustainability. Attention to sustainability comes into play for luxury companies with such volumes that a shift to industrial production is induced, as, for example, with large groups such as LVMH or Gucci Group. The analysis of corporate life in the present dissertation provides a clear awareness that sustainable development is today placed at the heart of a global transformation: one which is economical, social, political and cultural. More and more companies are aware of the necessity to combine orientation to CSR, choices of strategic positioning and economic-financial performance and this marks a new path that will not be for all, but that could deeply transform the way of making enterprise in the luxury world for the next decade.

“The world we have made, as a result of the level of thinking we have done thus far, creates problems we cannot solve at the same level of thinking at which we created them”. Albert Einstein

5.2. Limitations and Future Research

Before proceeding to conclusions about the collected data, it is interesting to concentrate on some methodological considerations. Several technical difficulties have been met during the data collection

phase. In some cases interviewees have shown manifested inability to proceed beyond levels of consequences, and it has been impossible to lead them toward a formulation of the final value. Generally speaking, necessity of intervention from the interviewer increased more as we climbed up the scale to the final values. It was positive, however, to benefit from employing open questions, as well as by adoption of a soft approach to the laddering interview. If, on one hand, the possibility offered to the interviewees to include subjects that were not strictly inherent to our object of study has sometimes greatly prolonged the length of interviews, on the other it could establish a communication insofar as it permitted the collection of information about their point of view that could hardly have emerged otherwise. Although the collected data has come from a quantitatively reduced sample, and is therefore not statistically representative of the whole population, analysis has been performed either on individuals or on groups aimed at obtaining useful stimulus for further reflection. The current work can bring food for thought to marketing operators. We have pointed out in particular how the means-end chains are of relevant importance to individuate the real motivations at the base of consumer purchase behavior. It individuates therefore not only the main levels of these above mentioned chains, i.e. the value system of individuals, but it is also necessary on the side of companies in their own constant monitoring since they can change over time according to the evolution of consumers needs and values.

So, from a marketing implications point of view, the analyzed case highlights how enterprises and companies willing to combine

luxury and sustainability should promote attributes of rarity, respect for the environment, and craftsmanship. All of these attributes can be interpreted as fundamental elements for sustainable luxury; consequently if luxury brands will not directly communicate the sustainable characteristics of their products or services, they will have to highlight more and more product quality, their being handmade, their rare craftsmanship rather than their rarity of supply or high price. Another aspect of this survey that must be highlighted is the expectation of interviewed consumers that companies operative in the luxury sector will adopt sustainable procedures in a proactive perspective, though sustainability is not a factor in their decisional process of making a purchase of luxury goods. To the question “*is sustainability a concern for consumers when purchasing luxury items?*”, answers were equally divided by interviewees not interested in sustainability at the moment of luxury purchase (40%) and those who are interested (60%). Nevertheless, this question is subject to a social desirability and so the dimension of the group of interviewees declaring to be effectively interested in sustainability when purchasing luxury risks being overestimated. To the question if they had ever purchased a sustainable luxury product, only a few interviewees were able to provide any example, but all of them expected exemplary behaviors by luxury brands in sustainability terms. This discovery suggests that sustainability has become a quality element expected by luxury customers. Sustainability has become an implicit need without having previously been expressed (Berger et al., 1993). Luxury brands, therefore, have to fill the gap between expectation and reality in order

to preserve their reputation. In this context the definition of new models of business and new inter-organizational solutions to generate sustainable offer proposals may represent a vector for the valorization of brand perception that may convey a concept of “sustainable luxury” (Guercini and Ranfagni, 2012; 2013), to be meant either in the sense of sustainability, in ecological terms as well as in social terms (Kapferer,2012).

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APPENDIX

CHAPTER 3

3.3. Research Design

Questionnaire

1. According to you, what does it mean if a luxury product is sustainable? What's the difference for you between a sustainable luxury product and a non sustainable one?
2. Which words (concepts or adjectives) would you use to describe a sustainable luxury product?
3. Express your degree of appreciation for a sustainable luxury product in value scale from 1 to 10.
4. Do you know what "sustainable" mean?
 - a) Yes
 - b) No
 - c) Not well
5. Is sustainability a concern when purchasing luxury product?
6. Are sustainability and environmental sustainability the same thing?
7. Is luxury synonymous of sustainability?
8. Do sustainable luxury products contain recycled material?
9. Have you ever purchased sustainable luxury?
10. Age
11. Sex
12. Education
 - a) Middle school or lower
 - b) Senior school
 - c) Degree
13. Monthly income
 - a) Less than 2000 Eur
 - b) 2000-5000 Eur
 - c) more than 5000 Eur

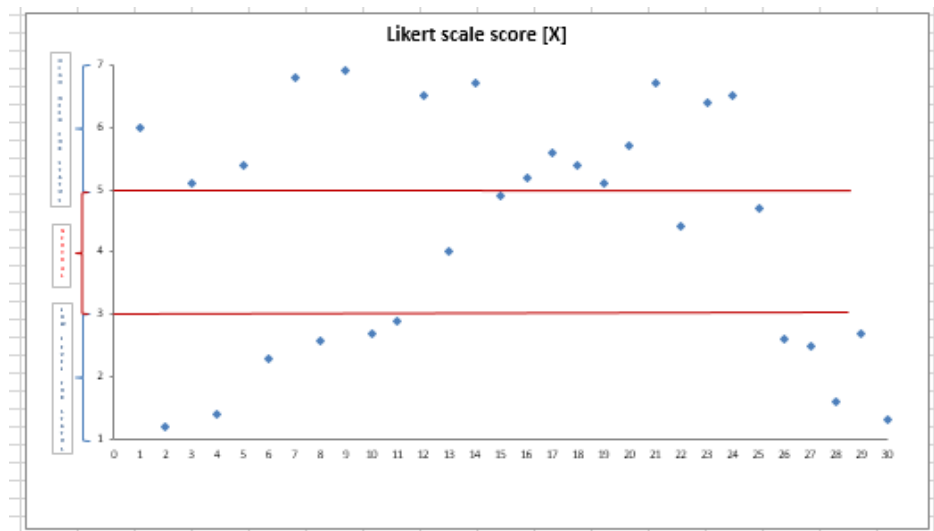
	Fortemente in disaccordo 1	2	3	4	5	6	Fortemente d'accordo 7
Comprerei un prodotto solamente perchè è uno status symbol (cioè segnala un elevato status sociale).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sono interessato/a ad acquistare nuovi prodotti status symbol.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pagherei di più per un prodotto status symbol.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Il prestigio che mi garantisce l'acquisto di un prodotto status symbol è per me rilevante.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Valuto di più un prodotto se sono in pochi a possederlo.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Need for Status

3.3.4. Data Analysis

Discriminate two categories of consumers: Consumers with high status need, Consumers with a low status need.

	Likert Scale Score [X]
Interviewed 1	6
Interviewed 2	1,2
Interviewed 3	5,1
Interviewed 4	1,4
Interviewed 5	5,4
Interviewed 6	2,3
Interviewed 7	6,8
Interviewed 8	2,57
Interviewed 9	6,9
Interviewed10	2,7
Interviewed11	2,9
Interviewed 12	6,5
Interviewed 13	4
Interviewed 14	6,7
Interviewed 15	4,9
Interviewed 16	5,2
Interviewed 17	5,6
Interviewed 18	5,4
Interviewed 19	5,1
Interviewed 20	5,7
Interviewed 21	6,7
Interviewed 22	4,4
Interviewed 23	6,4
Interviewed 24	6,52
Interviewed 25	4,7
Interviewed 26	2,6
Interviewed 27	2,5
Interviewed 28	1,6
Interviewed 29	2,7
Interviewed 30	1,3



Interviewed	
X < 3	11
X > 5	15
3 < X < 5	4

CHAPTER 4

Macodau Fall's Interview

1. Which ones are, according to you, the prevailing conditions in luxury sector regarding sustainability and environment protection?

“Partiamo dal presupposto che il settore del lusso è molto in ritardo sul discorso della sostenibilità, nel senso che è un settore che incomincia a preoccuparsene solo adesso e lo fanno quasi esclusivamente i grandi gruppi tipo Gucci o Kering. La moda in generale e il lusso in particolare non si sono mai preoccupati della sostenibilità, ma c'è un motivo di fondo, che non ne hanno mai avuto bisogno perché sono settori che sono sempre stati basati su una forte artigianalità. Quindi non essendo settori ad alto contenuto industriale, ma con un grosso contenuto artigianale e manuale, non hanno mai avuto il problema della sostenibilità. Quand'è che entra in gioco il problema della sostenibilità? Quando i volumi diventano tali che si

passa ad una produzione di tipo industriale e quindi si va in contro a tutti i problemi che questa può comportare dal punto di vista della sostenibilità.”

2. Are luxury brands moving in the direction of sustainability?

“Adesso le tendenze stanno cambiando, ma questo secondo la mia opinione più per un’esigenza legata a dei fattori di comunicazione. Cioè le aziende devono poter dire che ragionano in un certo modo, che sono attente a certi valori, per motivi più di marketing che per motivi reali”

3. Kolter and Nancy in their book “Enterprise marketing and social responsibility” identify six types of prevailing social initiatives that enterprises could take: supporting a cause, marketing connected to a cause, corporate social marketing, corporate philanthropy, voluntary work in the community, socially responsible business practices. Which are the most widespread in the sector in which you operate?

“Sicuramente quello su cui stanno lavorando molto è la sponsorizzazione e il finanziamento per delle cause sociali. Devo dire la verità più che sul sociale, il lusso si è sempre molto concentrato sull’arte, perché è un tema che vedono maggiormente legato al mercato del lusso, in quanto il lusso viene considerato anche, a volte, come un prolungamento dell’arte legata al prodotto e come tale ci sono molte fondazioni che sono nate per sostenerla e grosse azioni di beneficenza che sono state fatte dalle aziende del lusso nei confronti dell’arte. Dunque ci sono tanti soldi che vengono veicolati sul mondo dell’arte dal mondo del lusso, sul sociale invece molto meno, ci sono solo delle azioni sporadiche, lavori con delle Onlus o con delle associazioni che si curano di alcuni problemi sociali, ma il grosso delle intenzioni va verso il discorso dell’arte.”

4. Which is according to you the proper interpretation of “sustainable luxury”? Isn’t there the risk of putting two separate world together?

“Non sono lontani perché non si possono parlare, sono lontani perché al lusso interessa poco la sostenibilità, non ne ha bisogno, non ci sarebbero ostacoli per un discorso di questo genere.”

5. Do you think companies are moves by a sincere affection for the cause or rather use this kind of social initiatives as showcase to put pressure on customers’ sensitivity (greenwashing)?

“Le aziende sono mosse da una tendenza generale, nel senso che si sono accorte che il consumatore è comunque attento a certi elementi e quindi devono inserire questi elementi nel loro mix. Bisogna considerare che il prodotto di lusso è un prodotto che è realizzato in modo artigianale per pochi, i volumi sono piuttosto bassi, perché il concetto di volume è antitetico al concetto di lusso quindi per sua natura il concetto di lusso non dovrebbe portare problemi di questo tipo, perché è prodotto da artigiani in una filiera che è molto spesso locale (distretti dove tutti fanno scarpe o borse etc) sono tutti piccoli artigiani dunque il lusso in sé nasce sostenibile quando è vero lusso; poi quando si cominciano a superare certi volumi si cambia discorso, allora entrano in gioco le produzioni all'estero (produzione in Cina) ed è in questo caso che si parla di problemi di sostenibilità. Quindi sinceramente dal mio punto di vista, non penso che ci sia un'attenzione nei confronti dei problemi sociali e ambientali, è più una considerazione dell'evidenza che il consumatore oggi cerca l'azienda che è attenta al sostenibile, scegliendo anche loro di darsi quest'etichetta. Però detto questo, al di là del mio pensiero personale, le azienda stanno focalizzandosi verso un aspetto che comunque è da tenere sotto controllo.”

6. Does sustainability contribute to the success of an enterprise?

“Nel lusso sinceramente oggi no, forse in futuro potrà essere un elemento che rientrerà tra i fattori che comportano il successo dell’impresa, ma oggi sicuramente no. Il lusso è ancora un mercato che si muove molto sul discorso di Brand e di brand associati ad un prodotto, vale a dire che ci si concentra soprattutto sul prodotto non tanto su come viene prodotto o su l’attenzione che viene prestata alla produzione. Cioè la focalizzazione del cliente è molto più sul prodotto e sulla comunicazione del marchio, quindi è ancora un po’ presto per dire che la sostenibilità può essere un elemento di successo.”

7. It emerged from some researches that to luxury consumers sustainability is not a relevant motivation when deciding to purchase luxury items. They expect anyway that companies adopt sustainable practices in a proactive way of thinking. Do you think that such companies should improve their communication to improve its perception?

“In effetti le aziende del lusso non lo stanno comunicando, cioè le aziende del lusso questo aspetto lo comunicano in modo molto velato, tra le righe, nessuno ha basato la propria comunicazione o ha inserito nella propria comunicazione di massa il discorso del sostenibile, non è una cosa che comunicano. E questo corrisponde proprio a ciò che è emerso nella ricerca cioè : non è un elemento che entra in gioco nella scelta di un prodotto e quindi in quanto tale non viene comunicato, però è un elemento che il consumatore vorrebbe vedere promosso dall’azienda ed è per questo che viene comunicato in modo molto blando a livello istituzionale. E’ proprio così che si stanno muovendo le aziende, rispondendo comunque a quello che è emerso dalla sua ricerca, cioè non ne facciamo un elemento di comunicazione del prodotto, non ne facciamo un elemento di comunicazione del brand, ma raccontiamo in giro che ce ne stiamo preoccupando, è un po’ questo l’approccio.”

8. Do you think real luxury is more coherent with internalized or with externalized luxury?

“C’è un coinvolgimento in atto nel mondo del lusso, nel senso che quelli che fino a qualche tempo fa erano considerati i marchi del lusso, oggi non sono più veri marchi del lusso, quello che voglio dire è che per esigenze di fatturato, di quotazioni in borsa e di necessità di crescita aziendale, i grossi gruppi del lusso sono stati obbligati a fare delle scelte di massa ossia a fare delle scelte di volume. Quindi che cosa è successo? Questi marchi che prima erano per pochi, cioè di vero lusso si sono ritrovati ad essere molto massificati (es. Gucci e Louis Vuitton che prima erano considerati luxury adesso sono medio-alti e molto massificati, hanno inserito in collezione dei prodotti che sono un po’ per tutti nel senso che devono essere alla portata di tutti) questo porta ad una industrializzazione dei processi e ne consegue che sia abbastanza negativo dal punto di vista della sostenibilità, quello che si sta evidenziando è che oggi a sostituzione di questi marchi che una volta venivano considerati il fulcro del lusso, stanno nascendo tanti marchi minori o artigiani minori che grazie a dei nuovi sistemi di distribuzione come il web, riescono comunque ad arrivare un po’ dappertutto nel mondo. Marchi che fanno delle produzioni molto più piccole, molto più limitate, ancora artigianali che però riescono a soddisfare le esigenze dei consumatori internazionali, è quello che io definirei internalise luxury, nel senso che non sono marchi particolarmente noti, sono marchi che lavorano molto sul prodotto, molto spesso sono dei non-marchi, nel senso che c’è solo il nome dell’artigiano e lavorano molto sul prodotto. Questi marchi sono per loro natura più in linea con un discorso di sostenibilità, mentre i marchi più grandi, che sono i marchi del brand e quindi di conseguenza dell’externalise luxury, sono quelli che vanno più in opposizione al concetto di sostenibilità.”

9. In your opinion, what will the future of sustainable luxury be?

“Secondo me andiamo in quel senso, cioè il concetto di lusso è un po’ contrario al concetto di sostenibile, perché quando si parla di sostenibile vi è anche un discorso sociale e c’è anche un discorso di accessibilità (...) Le grosse aziende del lusso hanno dovuto spostare la maggior parte dei fatturati su paesi con economie in via di sviluppo, dovendosi confrontare con un consumatore con esigenze diverse. Ora si è passati ad una fase differente, si è passati ad una fase dove non è più il brand che conta ma è il prodotto che conta. Quindi il futuro secondo me va in quella direzione, nel senso che quando anche i mercati più giovani saranno più maturi e avranno passato questa fase del brand a tutti i costi, tutte le aziende dovranno rientrare un po’ nel discorso di prodotto artigianale e quindi tutto un processo sostenibile rientrerà in gioco. Devo dire che lo stanno facendo, anche i grossi marchi che avevano massificato, perché adesso stanno creando all’interno dei brand delle piccole divisioni dove il consumatore ricomincia a ragionare in termini di artigianalità (ad esempio D&G ha fatto un reparto su misura per uomo). Adesso tutti cercano di ritornare al sartoriale, quindi c’è un po’ un ritorno indietro. L’intento è quello di far rinascere realtà che erano andate a morire, appunto per colpa della massificazione del lusso. Voglio dire che vi sono delle capacità e un know how che si stanno perdendo, che si sono perse, a partire dalle donne che fanno i ricami per finire ad un certo tipo di cucitura delle scarpe, è artigianalità che ormai non si usa quasi più perché chiaramente è associata a dei numeri molto piccoli che però sta rinascendo, in quanto le aziende hanno ricominciato a investire su queste cose, creando delle scuole interne per recuperare questi mestieri perché ce n’è la necessità, perché non possono più permettersi di fare il prodotto in serie ma devono tornare al prodotto speciale, al prodotto artigianale al prodotto fatto a mano. Quindi il futuro è questo: vi sarà la convivenza di questi marchi piccoli, ma con un altissimo contenuto di artigianalità e quindi di sostenibilità, che saranno quelli che veramente faranno lusso ed il resto farà il medio. Il lusso sta andando naturalmente verso un discorso di sostenibilità, ma non perché lo vogliono le aziende, ma perché è un po’ la tendenza del

mercato e del consumatore. È il lusso stesso che tornerà alle sue origini per questo non ci sarà più bisogno di utilizzare il termine sostenibile.

Resume

INTRODUCTION:

Until recently, the terms “sustainability” and “luxury” were considered as non-compatible, or even as two opposite concepts. The general trend was, namely, that a “one-of-a-kind” luxury product did not require a “sustainable” positioning to improve sales. Luxury brands realized, however, that many consumers with high purchasing power were paying more attention to the environment. A shift in the paradigm is therefore taking place: luxury brands are turning to sustainability and the concept of “sustainable luxury” is emerging. Consumers have radically evolved in their purchasing behaviour, they are looking for the meaning and the added worth of a valuable asset, for owning a luxury good is no longer enough. It is clear that consumers are looking with increasing emphasis for luxury brands produced by ethical and socially responsible companies. It is therefore inevitable that in the years to come companies will have to be committed to a transformation process of their business models towards more sustainable models. In order to ensure the satisfaction of the whole community of consumers marketing managers are changing their approach, moving toward sustainable marketing. The concept of sustainability extended to the luxury market is an extremely present concept, and one which is of great interest to researchers and managers, though various pieces of research have failed to reach a univocal conclusion thus far. On the basis of the analysis of luxury and sustainability concepts, the present study represents the introductory part of a research project aimed at

studying the actual existence of a connection between luxury and sustainability and the potential motivations that cause the purchase of sustainable luxury products.

CHAPTER 1

The market of luxury goods has shown significant changes in the last two decades, which has led to an increase in consumption globally. The phenomenon of globalization has caused an increased availability of goods all over the world and furthermore the increase of spending power of individuals within each market has increased the potential consumer base. The pattern of geographic markets is also different from the past. Beyond mature markets such as Europe, the US, and Japan, which have always been the key target for the sector, now there are also the emerging BRIC markets (Brazil, Russia, India and China), not to mention the Middle East and South Korea, which have played an important role during the last five years. An expanding global middle class in emerging markets has supported growth in the luxury sector and is projected to continue fuelling growth through to 2018. According to Danielle Allérés (1990), the luxury market can be divided into three different levels: inaccessible, intermediary, and accessible luxury. Over the years, the doctrine that has tried to define the concept of luxury has also been interested in the study of the purchase behaviour of luxury goods; as we will see, the two objects of analysis are obviously connected and overlap each other. Therefore, as already detailed in literature (Hudders, 2012; Vigernon and Johnson, 1999; O’Cass and McEwen, 2004; Truong et al, 2008, Hirschman, Holbrook, 1982; Holbrook, Hirschman, 1982; Danziger, 2005;

Silverstein, M. J., & Fiske, 2003), they can be divided into: Forms of ostentatious consumption; forms of hedonistic consumption, democratization of luxury, trading up in luxury. From a recent analysis of the literature, two other categories of reasons for luxury goods consumption have emerged: on the one hand, external motivations, social and interpersonal; and, on the other hand, internal motivations, subjective and reserved. External motivations (signal wealth) concern those cases where the goal is essentially that of publicly displaying luxury so as to affirm the consumer's status (see O'Cass and Frost, 2002) while internal motivations (self-reward) relate to luxury consumption based on emotions, state of mind and subjective sensations related to an individual's self-perception (see Vigneron and Johnson, 1999, 2004). In the first case, luxury is typically consumed for reasons related to ostentation, social positioning and status symbol accumulation (Fionda and Moore, 2009; Truong et al., 2008). In the second case, consumption involves more personal or cultural goals, related to the search for pleasure, originality, and perfection (Dubois and Duquesne, 1993; Vickers and Renand, 2003). As Cuomo and Cecconi (2005) have affirmed, important changes are characterizing luxury in terms of consumer behavior. The behavior of luxury good consumers is mutating and, with respect to the past, new interpretations of the concept of luxury are maturing, with the consequence that new consumer behaviors are developing. The crucial changes of the last decade (intense development of emerging economies, the advent of globalization, the spread of new information technologies, the process of aggregation of many large international groups etc.), together with

the economic crisis of 2008-2009, generated the birth of "the new global consumer" in the market. Their profile is that of a consumer who has radically evolved in their purchasing behaviour and in particular in their consuming habits concerning products of Fashion & Luxury.

CHAPTER 2

The importance of social and environmental sustainability grows significantly in luxury market and not only there. It is possible to analyze the concept of sustainable development, such as the composition of three dimensions: the environmental, the economic and the social dimension. Within these dimensions, a varied set of key principles can be defined, which constitute the fundamental basis of sustainable development. These principles can then be translated into criteria which add meaning and operationally to a principle, and furthermore into indicators, which are measurable variables (qualitative and/or quantitative), used to infer the status of a particular criterion. Sustainability of a given system can be assessed measuring all defined indicators and comparing them to a given standard or threshold. So, starting from a brief analysis of consumer behaviour in the current market, we introduce the relationship of consumers towards sustainability. Literature has evolved from green marketing topics such as green advertising and green consumer profiles, toward sustainable marketing, in which marketers genuinely try to solve human and environmental problems instead of perpetuating them (Belz and Peattie 2009). Therefore, many companies start considering sustainability-related strategy as necessary to be competitive (Kiron et al., 2012) and

academics start to distinguish between sustainable and traditional companies. The former are looking for a balance between financial, social and environmental results. From a general point of view, today, in order to face an issue of sustainability in a company, it is useful to support the idea of US economist R. Edward Freeman, who states that sustainability is the result of consideration of the interests of all stakeholders, both primary and secondary, who take part in the creation, production, supply and sale of a product. It is this concern, among other things, that creates the enterprise, characterizes and determines its market presence and its fortunes. Moreover, in the globalized society that we live in, where the desire of homogenization is more and more associated with the demand of “diversified” products and the demand for a better quality of life, companies can help strengthen communities, making them better and more attractive, thus creating value for community members, including customers, suppliers and employees. Therefore, a series of behaviors derive, which stakeholders have to comply with in order to enter in the “club” of sustainability: respect for production processes, sharing of design processes, open and transparent communication, analysis and sharing of cultural and symbolic models of consumption, compatible services with the environmental and social balance. After we have examined the concept of sustainability within the luxury market. Overall, luxury is inessential, superfluous, exclusive and ostentatious; it is the exact opposite of sustainability. The luxury sector, though clearly aware of the stakes, remains discreet regarding sustainability, and thus some critics interpret it as being uninvolved. In truth, since 2000, most of the

major luxury groups have created dedicated positions or task forces. Luxury groups do not operate like other groups though, in so far as that they are not integrated, nor do they have a top-down decision-making culture. Instead, the independence of the craftspeople or maisons is a key element of their sustained aura, and there are few synergies across brands (Ijaouane and Kapferer, 2012). Most luxury brands start small and stay small, often as family businesses. The products may be made by hand, and they move slowly and with reluctance towards higher volumes. As a result, these brands control the whole supply chain, from the raw materials to the merchandising and consumer experience in stores. With their focus on high quality and family-like working conditions, such firms are unlikely to thrive by relying on poor practices, unfair labor conditions, the poor treatment of animals or damaging the environment. A basic tenet of a luxury strategy is to produce local objects with the assistance of talented craftspeople who need years to develop their talent. French luxury is produced in France; Italian luxury comes from Italy (though this trend is also evolving, as we will describe subsequently). It follows that luxury and sustainability, concepts apparently in opposition, can co-exist and even unite. Despite claims of craftsmanship, handmade items or the perpetuation of tradition, many luxury brands are also growing by expanding their operations to low-cost factories, while licensed operators pursue volume and sell fashionable, high margin accessories. A small number of brands may stick to the stringent principles of a luxury strategy (Kapferer and Bastien, 2009, 2012), but many others have abandoned them: Burberry closed its historical UK factory in

2007 and moved its production to China. In 2010, Prada announced it would delocalize from Italy to China. Coach is manufactured in China, as is Polo Ralph Lauren. These brands try to make more money at both ends: by minimizing the cost of manufacturing and maximizing the retail price. As part of the luxury industry is now acting like any fashionable mass retailer, it is logical that sustainability advocates pay more attention to its practices. The pursuit of higher volume puts more strain on sustainability concerns, such as the preservation of rare species, the origin of raw ingredients and working conditions in factories. Therefore, in reasoning that the luxury industry is extremely sensitive to reputational damage and that consumers of all social classes are increasingly concerned about social and environmental issues (Bendell and Kleanthous 2007; Cone 2009; Kleanthous 2011; Janssen et al 2013), it follows that the concept of sustainability has to become a priority for luxury brands as well.

CHAPTER 3

In this chapter we will show the results of our exploratory investigation. A study about the behaviour of sustainable luxury and the motivations that determine it is therefore particularly interesting for the following reasons: The development of sustainable luxury market is in a preliminary phase, while the majority of existing studies about sustainable consumers are focused on consumer goods consumption; the Luxury market has very special characteristics, since strong importance is given to the symbolic meaning of goods, that, thanks to their high communicative capacity, provide an undisputed prestige to

the subjects that own them; studies regarding luxury consumers' behaviour towards sustainability have had opposing results since consumers have different values and perceptions of the products and of their characteristics.

In this regard, the means-end theory represents a privileged tool to understand motivations behind a choice. In this model the product is not, therefore, chosen and purchased for itself, but for the meaning that this object assumes in the mind of the consumer (Nielsen, Bech-Larsen, & Grunert, 1998a). Considering the theoretical positions defined in previous chapters, our research sets its objective in investigating the consumers' motivation in purchasing sustainable luxury products and in connecting these motivations to the product characteristics and to the consumers' beliefs and final wishes. To this end we will use the theoretical approach of the Means – End Chain. The use of the Means-End Chain theory as a methodological instrument is finalized not only to observe the hierarchical associations chain that a consumer, consciously or unconsciously, sets up in his mind, but also to highlight the possible barriers that slow down or prevent the development of the market of sustainable luxury products. A second goal was, in particular, to consider consumers that need a high status need on one hand, and those who have a low status need on the other, in order to compare their purchasing of sustainable luxury. The most frequently used technique to concretely measure the connections among characteristics, consequences and values and to reveal consumer cognitive structures is named laddering. Laddering is a qualitative technique of deep interview used to understand and evaluate the Means-end chain. The

main aim of laddering is to rewrite a cognitive map of relations among products, attributes, benefits and values, and to represent it graphically. Through laddering the reasons of a purchase choice are investigated, trying to determine which product attributes have determined it, the benefits perceived in association to those attributes, until identifying terminal values that one is supposed to assert with this purchase behaviour (T.J. Reynolds and Gutman, 1988). After data collection through the laddering technique, four phases of analysis follow: content analysis, definition of implication matrix, building of Hierarchical Value Map and finally proper analysis of results. The choice of survey tools and primary data collection has been taken considering the research characteristics. A questionnaire has been chosen with open and close questions of a limited number. In the questionnaire we put a question forward which would enable us to understand if the interviewee purchases luxury products to satisfy the social status need (Likert scale 1: absolutely disagree 4: neutral 7: completely agree), in order to compare, as far as the purchase of sustainable luxury is concerned, those with a high status need and those with a low status need. Data collection was performed in the time ranging from October 2015 to January 2016, in my hometown, Naples. Thirty in-depth interviews were conducted in total, aimed at analyzing the complex of factors that drive behaviour to the purchase, or not, of sustainable luxury products. It must be pointed out that being an investigation of a qualitative type and with a limited number of interviews, the sample does not permit a precise representation of the reference population. After all, the aim of this analysis is not the precise

representation of the phenomenon, but aims to be an intensive study of a reduced number of cases, whose value is expressed in the possibility of obtaining deepened information about the motivation of interviewed subjects and in their relevance with reference to the studied object. Interviews were performed in public places located in several parts of the city and the interviewees were randomly recruited from the point of view of their socio-demographic characteristics; however, given that the primary objective of this survey is to get to know the motivations determining the purchase of sustainable luxury products, and having considered the difficulty found in previous research in recruiting subjects with experience of purchasing such products, some of the interviews were conducted inside shops or luxury boutiques. Every interview lasted about 25 minutes, and considerations or comments worthy of interest have been directly reported in our questionnaires. Data codification and contents analysis are the two steps that follow the data collection phase through to laddering. They consist in reducing the set of correct words used by interviewees to a smaller number of meanings that still maintain a strong semantic connection with the original meaning. Therefore, the category “it respects the environment” includes expressions such as “green product”, “that safeguards the environment” or “eco-friendly”. Providing the form “need for status”, then, it was possible to discriminate two categories of consumers: consumers with high status need and Consumers with a low status need. Calculating the average item for each interviewee, the more the average approached 7, the more a customer with a high status need could be identified. The production of aggregated scales starts with the

analysis of individual scales. With the analysis of individual scale the most important considerations are: that sustainability and luxury are two concepts that may coexist, the importance to the packaging "appearance". Sustainable luxury sometimes acquires not only environmental, but also social significance, authentic luxury consists therefore in shared project and quality based on the integration of competences, that sustainable luxury can also be accessible luxury and therefore shareable not only by a business community, but also by a consumer community that recognize themselves in the sustainability project exposed below (Carù e Cova 2011), finally luxury and sustainability paths can also cross, especially when the former rediscovers its handcraft soul. In the second analysis, the production of aggregate scale, we have infer that, sustainability is used as a status element, but it assumes a different importance in the different groups involved: while the first group endorses cognitive dimensions (terminal values), the second identifies more with physical characteristics. It is thus possible to recognize two categories of subjects: those who prefer to "be sustainable" and those for whom "looking sustainable" is enough.

CHAPTER 4

In this chapter we report the interview undertaken with the highly experienced international executive Macodau Fall, manager of Luxury goods and Fashion, and provide an analysis of five luxury companies. Our aim is to understand how important sustainability is to luxury companies and whether they think it is an asset of their "brand", and

one that they can eventually use to increase its value. We can say that Dr. Fall has offered many explanations and provided food for thought regarding the current evolution of the sustainability issue from the point of view of both company and consumer. The companies of luxury begin to talk of sustainability, but the incongruence is still too large between the behaviour of companies and the expectations of the consumer. This gap must be bridged quickly so as not to have a negative impact on the reputation of the company, and as a consequence, on the ability to maintain a brand image with positive connotations. Furthermore, if, in the long term, they are picked up upon by the media, they may have to enter a phase of crisis management as in the case of Moncler. As we have seen from the interview, luxury companies that produce on an industrial scale, implement a particular focus on sustainability. The MEC results confirm how sustainability has become an expected element of luxury consumers. after we must understand to what extent a company can be sustainable and how these issues contribute to its performance. To better understand if we are faced with a long-term trend, a comparative analysis was carried out, based on sales and brand awareness, of five leading companies in the luxury sector with the aim of analyzing the current attention to the sustainability of luxury goods companies. The companies are: LoroPiana, Chanel, Gucci, Tiffany & Co. and Fendi. To evaluate the effective application of the Corporate Social Responsibility logic and how pervasive it is within the company we have taken into consideration three main areas: the product, person management, and institutional initiatives that impact on the community with reference to

the company. Anyway, although almost all the five companies are committed in philanthropic activities, not all of them are able to communicate it effectively, and more generally speaking, also the activities connected to the CSR managed by the company. Against a backdrop of such positive elements, an accurate analysis about the content and diffusion of such initiatives shows how many luxury brands are still far from identifying in Corporate Social Responsibility a value drive as important as making profits. For example, a section exists on most websites that is dedicated to issues such as “CSR”, “Ethical code”, or “ONG support”; they lack, however, the opportunity to establish a bidirectional dialogue with all those stakeholders to whom the offer is directed, in order to share opinions, instances or simply considerations. Furthermore, scarce information is available regarding safety and health of workers: only a few companies make the effort to define in detail concepts such as “psycho-physical integrity” or “quality of workplace”, limiting themselves for the most part to generic statements. Finally, expanding our considerations to an international plan, we cannot forget how charitable causes, although they are given great resonance and whose importance is without any doubt in absolute terms, are definitely underestimated when compared to the economical possibilities of those companies. The funds designated to charity are often just a small percentage of the profits made. Positive evidence remains of a progressive diffusion of CSR politics; probably the experiences of the companies we analyzed, that are characterized by the ability to combine orientation towards CSR, strategic positioning choices and economic-financial performance, are

indicating a new path that may not be for every company, but could deeply transform the way of making business in the luxury world of the next decade.

CHAPTER 5

Several studies, research, and analysis confirm the importance of sustainability as a factor that influences, positively or negatively, the purchase choices of consumers. Many points in common between luxury and sustainability can be found and “purchase models of consumers in emerging markets become more and more demanding, even influenced by their western counterparts” (Kendall 2010, p. 9). The analyzed case highlights how enterprises willing to combine luxury and sustainability must give value to attributes such as rarity, respect for the environment, and craftsmanship. Those attributes can be interpreted as founding elements of sustainable luxury. Sustainability has become a quality element that is strongly expected by customers of luxury: “Sustainability has become an implicit need without having previously been expressed “(Berger et al., 1993). Luxury brands must therefore fill the gap between expectation and reality in order to preserve their reputation. Furthermore, consumers with a great status need identify quality as resulting from attributes such as brand, high price, rarity. In this case attributes as respect for the environment and handcrafted are missing. Attributes leading to quality construction are therefore, in part, different in the two groups but in both cases the emerging value is self-esteem. This, together with security, is common to the two groups. However, while to consumers

with a low status level hedonism (in the sense of personal gratification) and who belong to a community where similar passions that can be shared are important, consumers with an elevated status pursue security when purchasing, and also the happiness that comes from possessing the product. Sustainability is used as a status element, but it assumes a different importance to the different groups involved: while the first group endorses cognitive dimensions (terminal values), the second identifies more with physical characteristics. It is thus possible to recognize two categories of subjects: those who prefer to “be sustainable” and those for whom “looking sustainable” is enough. Several studies, research, and analysis confirm the importance of sustainability as a factor that influences, positively or negatively, the purchase choices of consumers. Many points in common between luxury and sustainability can be found and “purchase models of consumers in emerging markets become more and more demanding, even influenced by their western counterparts” (Kendall 2010, p. 9). The analyzed case highlights how enterprises willing to combine luxury and sustainability must give value to attributes such as rarity, respect for the environment, and craftsmanship. Those attributes can be interpreted as founding elements of sustainable luxury. Sustainability has become a quality element that is strongly expected by customers of luxury: “Sustainability has become an implicit need without having previously been expressed “(Berger et al., 1993). Luxury brands must therefore fill the gap between expectation and reality in order to preserve their reputation. Furthermore, consumers with a great status need identify quality as resulting from attributes

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choices of strategic positioning and economic-financial performance and this marks a new path that will not be for all, but that could deeply transform the way of making enterprise.

The current work can bring food for thought to marketing operators. We have pointed out in particular how the means-end chains are of relevant importance to individuate the real motivations at the base of consumer purchase behavior. It individuates therefore not only the main levels of these above mentioned chains, i.e. the value system of individuals, but it is also necessary on the side of companies in their own constant monitoring since they can change over time according to the evolution of consumers needs and values. So, from a marketing implications point of view, the analyzed case highlights how enterprises and companies willing to combine luxury and sustainability should promote attributes of rarity, respect for the environment, and craftsmanship. All of these attributes can be interpreted as fundamental elements for sustainable luxury; consequently if luxury brands will not directly communicate the sustainable characteristics of their products or services, they will have to highlight more and more product quality, their being handmade, their rare craftsmanship rather than their rarity of supply or high price. Another aspect of this survey that must be highlighted is the expectation of interviewed consumers that companies operative in the luxury sector will adopt sustainable procedures in a proactive perspective, though sustainability is not a factor in their decisional process of making a purchase of luxury goods. To the question “is sustainability a concern for consumers when purchasing luxury items?”, answers were equally divided by

interviewees not interested in sustainability at the moment of luxury purchase (40%) and those who are interested (60%). Nevertheless, this question is subject to a social desirability and so the dimension of the group of interviewees declaring to be effectively interested in sustainability when purchasing luxury risks being overestimated. To the question if they had ever purchased a sustainable luxury product, only a few interviewees were able to provide any example, but all of them expected exemplary behaviors by luxury brands in sustainability terms. This discovery suggests that sustainability has become a quality element expected by luxury customers. Sustainability has become an implicit need without having previously been expressed (Berger et al., 1993). Luxury brands, therefore, have to fill the gap between expectation and reality in order to preserve their reputation. In this context the definition of new models of business and new inter-organizational solutions to generate sustainable offer proposals may represent a vector for the valorization of brand perception that may convey a concept of “sustainable luxury” (Guercini and Ranfagni, 2012; 2013), to be meant either in the sense of sustainability, in ecological terms as well as in social terms (Kapferer, 2012).