

The Transparency Paradox In Luxury: Sustainability and Traceability at Tod's Group

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Abstract

In the past decade, sustainability and Environmental, Social, and Governance (ESG) principles have become pivotal elements of corporate strategy across various sectors, including the luxury industry. Traditionally characterized by exclusivity, heritage, and symbolic value, luxury brands are now increasingly compelled to exhibit ethical sourcing, transparency, and responsible production practices. Technological advancements, such as blockchain, Radio Frequency Identification (RFID), and digital product passports, are revolutionizing supply chain management by enhancing traceability and transparency. For luxury firms, traceability fulfills multiple objectives, including authentication, anti-counterfeiting, supply chain control, and the reinforcement of sustainability claims. This thesis explores the extent to which sustainability and digital traceability contribute to quantifiable economic and strategic value for luxury brands, with a specific emphasis on Tod's Group. The study investigates the tension between heritage-based artisanal production models and the implementation of digital traceability systems, highlighting the implications for small and medium-sized enterprise (SME) artisanal supply chains within Italian industrial districts. This research employs a qualitative case study methodology, drawing on sustainability reports, ESG disclosures, and corporate communications from Tod's Group. It is further enriched by an extensive review of academic literature on ESG, supply chain transparency, and luxury brand management. The study contributes to academic discourse by clarifying the strategic tensions between transparency and exclusivity and examining whether sustainability and traceability offer genuine competitive advantages, beyond serving as mere reputational or regulatory mechanisms.

INTRODUCTION

The interplay between luxury and sustainability is characterized by inherent contradictions. Luxury brands derive their value from elements such as scarcity, heritage, and mystique; however, the industries that produce these goods have historically been among the least transparent. In recent years, this dynamic has undergone significant transformation. Increasing regulatory pressures, notably the Corporate Sustainability Reporting Directive (CSRD, Directive 2022/2464/EU) and the Ecodesign for Sustainable Products Regulation (ESPR, Regulation 2024/1781/EU), heightened consumer awareness (Essiz & Senyuz, 2023), and the shifting interpretation of ESG as an indicator of long-term financial resilience rather than a peripheral ethical concern (Larcker, Tayan & Seru, 2026) have compelled luxury firms to engage more transparently with issues related to sourcing, production, and supply chain governance. This has resulted in a tension: the more luxury brands strive to demonstrate transparency, the more they risk diminishing the opacity that contributes to their allure. This tension is not merely theoretical. The fashion and luxury industries have come under scrutiny following high-profile scandals involving labor exploitation, environmental degradation, and misleading sustainability claims. As documented by Jestratijevic et al. (2024) in their analysis of sustainability disclosures across luxury and mass-market fashion brands, companies often communicate governance structures and environmental commitments while providing limited detail on the outcomes of these initiatives. In a sector where reporting requirements remain inconsistent, firms retain discretion over what to measure and disclose, making accurate, externally audited communication the exception rather than the norm. The gap between brand claims and demonstrable results is frequently substantial. This dynamic is further complicated by what Reck et al. (2022) describe as the transparency paradox: transparency does

not unconditionally enhance brand perception, and increased disclosure can undermine rather than bolster consumer trust. For luxury brands, whose identities are rooted in controlled narratives and selective revelation, this paradox carries significant strategic implications.

Technological innovation offers a partial solution to the accountability deficit. Blockchain, Radio Frequency Identification (RFID), and digital product passports are positioned as tools capable of delivering verifiable traceability across complex supply chains, enabling brands to document material provenance, authenticate craftsmanship, and substantiate sustainability claims with precision. For luxury firms, these technologies hold strategic significance: in an industry where counterfeiting is pervasive and authenticity is a core value proposition, traceability serves as both a reputational safeguard and a potential competitive advantage. Whether it constitutes a genuine strategic resource is one of the central questions this thesis investigates. The complexity is further compounded by the structure of luxury supply chains. Luxury production, particularly in Italy, relies on networks of small and medium-sized enterprises (SMEs) embedded within specialized industrial districts (Becattini, 1990). These firms are custodians of the artisanal knowledge and craft traditions that provide brands with their identity and differentiation. Introducing digital traceability into such ecosystems is not straightforward: implementation costs, cultural resistance to standardization, and disruption of long-standing relational practices present significant barriers. The question of who bears these burdens, and whether SME suppliers benefit or lose from traceability mandates, is one the literature has only begun to address. Caniato et al. (2012) identify that SMEs and large enterprises adopt fundamentally different strategies in sustainable supply chain management, yet the distributional consequences of traceability requirements for smaller artisanal firms remain underexplored. Karaosman et al. (2018) similarly acknowledge that while collaboration between luxury brands and suppliers exists, its alignment with shared sustainability

objectives requires further investigation. Tod's Group emerges as a particularly instructive case. A firm defined by its deep roots in Italian craftsmanship, dependence on SME-based production networks, and commitment to ESG disclosure, Tod's embodies the contradictions this thesis seeks to understand. The study adopts a qualitative case study methodology following Yin (2018), drawing on sustainability reports, ESG disclosures, and corporate communications from Tod's Group, triangulated with academic literature on transparency, supply chain governance, and luxury brand management. The triangulation of documentary and secondary sources strengthens internal validity and reduces interpretive risk associated with reliance on a single data stream (Jick, 1979). The thesis is structured as follows. Chapter 1 establishes conceptual and theoretical foundations, examining sustainability, ESG integration, supply chain transparency, and digital traceability within the luxury sector, and introducing the analytical framework. Chapter 2 presents Tod's Group as a case, tracing its heritage, production model, and sustainability strategy. Chapter 3 forms the analytical core, applying the theoretical framework to examine the transparency paradox and assess the strategic implications of Tod's traceability initiatives. Chapter 4 draws conclusions, discusses managerial implications for luxury brands and artisanal supply chains, and outlines research limitations and future directions.

CHAPTER 1

SUSTAINABILITY, TRANSPARENCY AND TRACEABILITY IN THE LUXURY SECTOR: THEORETICAL AND STRATEGIC FOUNDATIONS

1.1 Sustainability and ESG in the Luxury Industry

Sustainability has emerged as a pivotal strategic priority within the luxury industry, fundamentally transforming brands' operations, communication, and value creation processes. Traditionally, luxury houses have been perceived as inherently sustainable due to their focus on durability, craftsmanship, and the use of high-quality materials. However, contemporary expectations now extend well beyond product longevity. Presently, sustainability encompasses environmental stewardship, social responsibility, and governance practices, which are increasingly formalized through Environmental, Social, and Governance (ESG) frameworks. A significant shift has occurred in the financial markets' interpretation of ESG performance. Recent research indicates that investors no longer regard ESG as a peripheral ethical concern but as a material indicator of long-term financial resilience. Recent research reveals that investor attitudes toward ESG have undergone a significant recalibration, moving away from idealistic impact-driven frameworks toward a more pragmatic, risk-oriented assessment of ESG performance as an indicator of operational resilience and long-term financial stability (Larcker, Tayan & Seru, 2026). This shift is particularly pertinent for luxury brands, whose business models rely on long-term brand equity, stable supplier networks, and reputational capital. Consequently, strong ESG performance becomes a strategic asset rather than merely a compliance exercise. Luxury brands, which heavily depend on intangible assets such as heritage, craftsmanship, and authenticity, benefit disproportionately from ESG adoption. Consumers increasingly expect luxury houses to embody aesthetic excellence, ethical integrity, responsible sourcing, and transparent governance. In this

context, ESG strengthens the attributes that define luxury. Industry analyses further underscore the regulatory dimension of sustainability. Recent European regulatory developments, including the Corporate Sustainability Reporting Directive (CSRD, Directive 2022/2464/EU) and the Ecodesign for Sustainable Products Regulation (ESPR, Regulation 2024/1781/EU), which introduces mandatory digital product passports, are significantly accelerating ESG adoption and traceability requirements across the fashion and luxury sectors. The regulations in question have significant implications for luxury supply chains, which frequently consist of small and medium-sized enterprises situated within local manufacturing districts. While compliance necessitates substantial investment in data collection, supplier monitoring, and digital infrastructure, it simultaneously presents opportunities for differentiation through verified quality, responsible sourcing, and enhanced transparency. The strategic relevance of sustainability in the luxury sector can be understood through several complementary theoretical lenses, including the Resource-Based View (Barney, 1991), the Triple Bottom Line (Elkington, 1997), and Stakeholder Theory (Freeman, 1984), each of which is examined in depth into the case of Tod's Group in Chapter 3. Collectively, these frameworks illuminate why ESG has shifted from a peripheral concern to a core dimension of competitive positioning, brand equity, and long-term value creation for luxury firms. Overall, sustainability and ESG have evolved from peripheral concerns to strategic imperatives within the luxury industry. They shape investor expectations, influence consumer perceptions, and determine regulatory compliance. For brands like Tod's, which depend on craftsmanship, territorial identity, and long-term brand equity, ESG integration is not merely a reaction to external pressures but a strategic approach to reinforcing authenticity, preserving artisanal value, and ensuring competitiveness in a rapidly changing global market.

1.2 Transparency in Luxury: Expectations, Challenges, and the Transparency Paradox

According to Bendell and Kleanthous (2007), the promotion of sustainable production and consumption should be regarded as both an opportunity and a responsibility for luxury brands. As previously discussed, sustainability and ethical practices have become increasingly significant for both companies and consumers, whose choices are progressively influenced by social and environmental considerations. Corporate Social Responsibility (CSR) is increasingly shaping the ethical and strategic frameworks of the luxury fashion industry. Rather than perceiving CSR as a superficial marketing tactic, luxury brands are encouraged to integrate responsibility into their core business models. However, this integration presents certain challenges. As Sun, Mai, and Xu (2024) elucidate, luxury brands encounter a paradox: while consumers increasingly demand ethical behavior, they simultaneously associate luxury with exclusivity, indulgence, and self-reward values that may conflict with CSR ideals, such as frugality and collective welfare. Despite this tension, brands can address it through authenticity and careful positioning, indicating that CSR commitments enhance rather than dilute luxury identity. Their findings underscore the importance of tailoring CSR initiatives to specific market contexts, as consumer interpretations can vary significantly across diverse cultural, social, and economic environments. If luxury brands adopt a generalized approach, it may appear insincere and misaligned with consumer and brand values. Amatulli et al. (2018) and Newholm and Shaw (2007) have explored recent consumer trends that demonstrate an increased sensitivity to brand accountability and transparency. As previously noted, consumer trust can be rapidly undermined when brands lack transparency. Openness regarding sourcing, production, and sustainability practices is essential for earning and maintaining consumer confidence. Companies that effectively communicate their operational processes are more likely to establish enduring relationships with their audience. Contemporary consumers are

concerned not only with a brand's stated values but also with the implementation of those values. According to Edelman (2023), 63% of consumers indicate a greater likelihood of trusting companies that provide honest and detailed information about their environmental and social impact. Conversely, when brands are vague or avoid discussing their CSR practices, it often engenders doubt. Essiz and Senyuz (2023) contend that this lack of transparency can undermine credibility, leading to negative perceptions and diminished customer loyalty.

1.3 Traceability in Luxury Supply Chains

Traceability in supply chains denotes the ability to monitor and document the origin, transformation, and movement of materials and products throughout all stages of production. In the luxury sector, this capability holds significant strategic importance, as the value proposition of luxury goods is inherently linked to authenticity, craftsmanship, and the provenance of raw materials. Understanding traceability in this context necessitates situating it within the broader literature on Sustainable Supply Chain Management (SSCM), which increasingly recognizes traceability as a core practice alongside transparency, certification, and local anchorage (Pagell & Wu, 2009). The complexity of managing sustainability across supply chains is well documented. As Quarshie, Salmi, and Leuschner (2016) note, sustainability in supply chains encompasses three dimensions, environmental, social, and economic, and firms operating within these chains are fundamentally interdependent. This interdependence creates systemic vulnerability: unsustainable or unethical practices at any node of the supply chain can impact brands far removed from the original source of the problem, as high-profile scandals in the fashion industry have demonstrated (Jacobs & Singhal, 2017). To mitigate such risks, firms must actively collaborate with and monitor their supply chain partners (Andersen & Skjoett-Larsen, 2009). In the luxury sector, the necessity for traceability is accentuated by the distinct characteristics inherent in luxury production.

Cervellon (2013) identifies a natural alignment between luxury and sustainability values, emphasizing that attributes such as rarity, natural materials, slow manufacturing, skilled workforces, and local production are fundamental to both luxury identity and sustainable practice. This convergence implies that traceability serves not merely as a compliance tool for luxury brands but as a mechanism for substantiating and communicating the core qualities that underpin their value proposition. Guercini and Ranfagni (2013) further underscore this perspective, highlighting the significance of local anchorage and quality in the luxury sector. They argue that, given the specificities of actors within luxury supply chains, it is more feasible to assess the sustainability of the supply chain as a whole rather than that of individual firms. Nevertheless, the implementation of traceability systems varies significantly among different types of firms. Caniato et al. (2012) identify that large enterprises and small and medium-sized enterprises (SMEs) employ distinct strategies in sustainable supply chain management. SMEs may opt to restructure their entire supply chain to achieve sustainability objectives, whereas larger enterprises typically concentrate on specific products and make partial adjustments to their supply chains. This differentiation is particularly pertinent within the Italian luxury sector, where production networks consist of a dense network of small and medium-sized artisanal firms situated within specialized industrial districts. The integration of systematic traceability into these ecosystems necessitates investment, technological capability, and monitoring infrastructure, which SMEs may lack. This raises critical questions regarding the distribution of costs and benefits throughout the supply chain. Furthermore, Karaosman et al. (2018) underscore the necessity of addressing the fundamental causes of sustainability impacts within the Italian fashion and leather footwear sector. They highlight that while collaboration between suppliers and luxury firms exists, it must be more intentionally aligned with shared sustainability objectives. In this context, traceability systems can

function as both a mechanism for accountability and a foundation for enhanced supplier engagement, provided that the implementation process is inclusive rather than coercive. As Marshall et al. (2017) observe in a related context, fostering communication with first-tier suppliers proves significantly more effective than the unilateral imposition of compliance requirements. Taken together, the literature positions traceability in luxury supply chains as a multi-dimensional strategic tool: simultaneously addressing authenticity, sustainability verification, risk mitigation, and supplier governance. Its full potential, however, depends on the capacity of brands to integrate traceability systems in ways that are compatible with the relational, artisanal, and territorially embedded nature of luxury production, a tension that is central to the analysis developed in Chapter 3.

1.4 Technologies Enabling Traceability and Their Strategic Implications

The operationalization of supply chain traceability within the luxury sector depends on a constellation of digital technologies, each offering distinct capabilities and presenting specific strategic trade-offs. Among the most significant are Radio Frequency Identification (RFID), blockchain distributed ledger technology, and digital product passports (DPPs), which collectively constitute the foundational infrastructure for end-to-end product monitoring. Understanding their technical properties and their strategic implications is essential for contextualizing how luxury brands, including Tod's Group, are navigating the dual imperative of accountability and competitive differentiation. RFID technology was among the earliest systematic tools deployed for supply chain traceability, enabling the automatic identification and tracking of goods through radio-frequency signals embedded in physical tags. As Bechini et al. (2008) demonstrate in their seminal work on collaborative e-business traceability systems, the implementation of standards such as GS1 and the Electronic Product Code (EPC) significantly advanced the capacity of firms

to conduct lot-level identification and reduce the procedural costs associated with tracking goods through complex, multi-stakeholder supply chains. Crucially, these authors emphasize that effective traceability systems must satisfy requirements of context independence, scalability, and interoperability, properties that are particularly demanding in the fragmented, artisanal production environments characteristic of Italian luxury manufacturing. While RFID systems offer real-time visibility at relatively low marginal operational cost, they remain subject to a critical limitation: their centralized architecture renders them vulnerable to data tampering, tag cloning, and unauthorized overwriting, undermining the integrity of the information they are intended to safeguard (Kouhizadeh et al., 2021). Blockchain technology has emerged as a structurally superior alternative precisely because it addresses these vulnerabilities. Its decentralized, distributed, and cryptographically immutable ledger architecture enables the creation of tamper-proof records of product provenance, ownership transfers, and compliance certifications, attributes of relevance in sectors where authenticity is both economically and reputationally foundational. As Pagell and Wu (2009) observe in their broader theorization of sustainable supply chain management, robust traceability requires not only technological infrastructure but organizational commitment to transparency across all nodes of the chain; blockchain's distributed governance model is structurally aligned with this normative requirement. A key strategic advantage of blockchain in the luxury context lies in its capacity to function simultaneously as an anti-counterfeiting mechanism and as a credibility instrument for sustainability claims. Given that most consumers cannot independently identify greenwashing claims, blockchain-anchored digital product passports provide a mechanism for validating and securing sustainability attributes within an immutable network (Protokol, 2022). This has material implications for brand equity: verified claims are qualitatively distinct from mere assertions, and their persuasive effect on consumer trust

is correspondingly greater. Digital product passports (DPPs) represent the convergence of these technologies into a single regulatory and commercial instrument. Through QR codes, NFC chips, and blockchain technology, digital passports provide unprecedented traceability and transparency, empowering consumers with detailed insights into the origin, lifecycle, and craftsmanship behind each product (Deloitte Digital, 2024). Their strategic significance has been significantly amplified by European regulatory developments: the Ecodesign for Sustainable Products Regulation (ESPR, Regulation 2024/1781/EU) mandates the progressive introduction of DPPs across multiple product categories, with the fashion and textile sectors among the priority targets. For fashion brands, DPPs are emerging as shared infrastructure, a mechanism to connect products with verified data, align internal teams, collaborate more effectively across the value chain, and build trust with consumers and regulators alike (Renoon, 2025). The transition from voluntary adoption to mandatory compliance effectively elevates DPPs from a differentiating innovation to a threshold requirement, recalibrating the competitive logic of transparency within the sector. Notwithstanding these opportunities, the technological transformation of traceability systems is not without friction. The most time-consuming element of implementation is not building a passport interface but organizing and verifying data across tiers of supply chains, especially upstream (Business of Fashion, 2026). For luxury brands embedded in artisanal production networks composed of small and medium-sized enterprises, firms often operating without the digital infrastructure, technical expertise, or financial resources required by large-scale traceability systems, this upstream challenge is particularly acute. Smaller firms often lack the funds, workforce, or expertise to adopt digital tools quickly, and the absence of interoperable data standards means that different systems within the same supply chain are not always compatible (The Traceability Hub, 2026). These structural barriers risk producing a two-tier traceability ecosystem: one in which flagship products

benefit from full digital certification while lower-visibility supply chain actors remain undocumented, generating a gap between the transparency narrative and operational reality. The technologies examined in this section, collectively constitute the enabling infrastructure for supply chain traceability in the luxury sector. Each offers distinct capabilities in terms of product authentication, provenance documentation, and sustainability verification, yet each also carries implementation challenges that fall disproportionately on the smaller, artisanal suppliers that characterize luxury production ecosystems such as those found in Italy. From a strategic management perspective, and drawing on the Resource-Based View (Barney, 1991), traceability infrastructure may qualify as a valuable and difficult-to-imitate resource, but only insofar as it is effectively integrated within broader brand narratives and governance structures. Technology alone does not generate competitive advantage; its strategic value is mediated by organizational capacity and communicative coherence. Whether luxury brands such as Tod's Group succeed in translating digital traceability into genuine strategic value is the central question to which the following chapters turn.

CHAPTER 2

TOD'S GROUP: HERITAGE, SUSTAINABILITY STRATEGY, AND TRACEABILITY INITIATIVES

2.1 Brand Identity, Heritage and Artisanal Production Networks

Tod's Group represents one of the most emblematic cases of intergenerational family entrepreneurship within the Italian luxury sector. At the turn of the twentieth century, Filippo Della Valle established a small shoemaking workshop in the Marche region of central Italy, pursuing the artisanal craft with a dedication to quality that would define the enterprise's foundational ethos, authentic codes of style that have since become essential assets for the Group, characterizing its corporate DNA across successive generations (Tod's Group, n.d.). The decisive modernization of the business came with Diego Della Valle, whose vision was to merge the meticulous tradition of Italian shoemaking with a distinctly modern sensibility, establishing Tod's as a global ambassador for "Made in Italy" (A&E Magazine, 2025). Under his stewardship, the company was formally named J.P. Tod's in 1978, a name deliberately selected from an American phonebook to appeal to high-end consumers in the United States, before the prefix was dropped in 1999 as the brand gained widespread international recognition (MatrixBCG, 2025). Central to Tod's brand identity is the Gommino loafer, a product whose origins encapsulate the brand's defining philosophy of elegant functionality. Conceived as footwear capable of being both elegant and versatile, the Gommino is an ultra-light, flat, soft loafer, entirely hand-stitched and characterized by 133 small rubber pebbles on the sole (Tod's, n.d.). The product exemplifies what contemporary discourse terms "quiet luxury", distinction predicated on material integrity and enduring craftsmanship rather than conspicuous logocentrism and has become a powerful vehicle of brand equity (Keller, 1993). Diego Della Valle has articulated the underlying competitive logic: products should be difficult to

make and, by extension, hard to copy, with superior quality functioning as the ultimate barrier to imitation (Monocle, 2025). The portfolio subsequently expanded to include iconic leather goods, most notably the D Bag (1997), as well as accessories and ready-to-wear, while the group broadened its strategic footprint through the launches of Hogan (1988) and Fay (1986), and the acquisition of Roger Vivier (1995), forming a multi-brand structure serving distinct luxury market segments (Ostillio & Ghaddar, 2017). The territorial dimension of Tod's production model is inseparable from its identity. The group's operations remain deeply embedded within Italian industrial districts, a structure theorized by Becattini (1990) as generating competitive advantage through co-located specialized suppliers, shared artisanal labor pools, and collective knowledge accumulation. Approximately 94% of Tod's suppliers and 90% of its workshops are located within Italy, with around 98% of raw materials also sourced domestically, reinforcing the authenticity of its "Made in Italy" positioning (MatrixBCG, 2025). The Group operates nine owned production sites, seven dedicated to footwear and two to leather goods, concentrated across the Marche, Abruzzo, and Puglia regions (Motta Fashion Place, n.d.). Production processes reflect exceptional artisanal intensity: the manufacturing of a single pair of moccasins requires more than 100 work phases, encompassing the hand-cutting of individual leather pieces and the manual assembly of each component (Motta Fashion Place, n.d.). Beyond its owned facilities, the Group maintains long-standing relationships with small, specialized workshops, reflecting a relational governance model grounded in trust and territorial embeddedness rather than transactional subcontracting (Granovetter, 1985). This network structure, however, also introduces governance complexity. In 2025, Italian prosecutors initiated an investigation into Tod's supply chain, identifying alleged labor abuses at third-party subcontractors in the Lombardy and Marche regions. Prosecutors alleged that Tod's had insufficiently monitored certain suppliers, including Chinese-owned

workshops contracted to produce footwear components (Reuters, 2025). While the company denied wrongdoing and was not placed under criminal investigation, the episode exposed the inherent difficulty of maintaining full oversight across complex, multi-tiered artisanal supply chains, a tension that digital traceability initiatives, examined in Section 2.3, seek to address.

More broadly, Tod's heritage is not merely a historical artifact but an actively managed strategic resource. The group systematically mobilizes its founding narrative, the cobbler's workbench, generational transmission of craft, and territorial rootedness, as a form of legitimacy that, as Urde, Greyser, and Balmer (2007) argue, cannot be acquired *ex novo* but must be inherited and continuously re-enacted. Diego Della Valle has framed this commitment explicitly, describing artisanal work as a means of keeping alive a fundamental part of Italy's cultural identity and making craftsmanship a symbol of authentic, timeless quality for new generations (WWD, 2025). This philosophy extends to cultural patronage, including the financing of the Colosseum restoration and the publication of the *Italian Hands* book celebrating Italian craft traditions, and underpins the Group's 2024 transition to private ownership through a transaction with L Catterton (backed by LVMH), a governance shift that may afford greater latitude for long-term investment in brand equity without public market pressures. Taken together, these elements, documented artisanal heritage, territorially embedded production, and family-led governance, constitute the strategic foundation upon which Tod's sustainability and traceability commitments, analyzed in the sections that follow, are built.

(See Table 1 for a summary of Tod's key corporate and product milestones.)

2.2 Sustainability and ESG Strategy at Tod's

Tod's Group's approach to Environmental, Social, and Governance (ESG) integration reflects a strategic alignment between contemporary sustainability imperatives and the company's long-

established corporate values. Rather than representing a reactive response to external regulatory pressures, the Group's sustainability commitments have evolved organically from its territorial identity, artisanal heritage, and long-term orientation toward brand equity preservation. This subsection examines the institutional architecture of Tod's sustainability governance, presents quantitative evidence of the Group's ESG trajectory across multiple reporting cycles, and situates the strategy within the analytical framework developed in Chapter 1.

Governance Framework and Policy Architecture

The institutional foundation of Tod's ESG strategy rests on a formally codified governance structure. The Group's Sustainability Policy, approved by the Board of Directors on 6 March 2023, updating a previous version adopted in January 2019, establishes the normative framework governing sustainability commitments across all subsidiaries (Tod's Group, 2023a). The Policy is aligned with the principles of the United Nations Global Compact and the Sustainable Development Goals and identifies six strategic pillars: welfare, protection and valorisation of people; traceability and sustainable supply chain; protection of the environment and ecosystems; ecodesign and circularity; solidarity towards communities and territories; and supporting cultural and artistic heritage (Tod's Group, 2023a). These six pillars constitute the structural architecture of the Sustainability Plan 2023-2025, approved by the Board concurrently and periodically updated in response to the evolving regulatory environment and stakeholder expectations (Tod's Group, 2025c).

The governance framework is reinforced by dedicated policy instruments addressing specific ESG dimensions. The Environmental Policy, most recently updated in March 2026, commits the Group to greenhouse gas reduction in line with Science-Based Targets, progressive elimination of restricted chemical substances, and expansion of renewable energy procurement and self-

production (Tod's Group, 2026). The Policy for Philanthropy, Solidarity and Community Support formalises the allocation of one percent of net profit to solidarity initiatives targeting vulnerable populations, youth development, women's protection, and cultural heritage preservation (Tod's Group, 2023b). The PACT framework, an acronym for People, Around us , Culture, and Territory, serves as the communicative synthesis of these commitments, articulating the Group's ESG priorities for stakeholder engagement and external visibility (Tod's Group, 2025a; TheIndustry.fashion, 2025).

The Social Dimension: Human Capital and Artisanal Intelligence

The social pillar of Tod's ESG strategy is anchored in the Group's conception of human capital as its most strategically valuable resource. At 31 December 2024, the Group employed 5,267 individuals, expanding progressively from approximately 4,913 in 2022 and 5,211 in 2023 (Tod's Group, 2024a; Tod's Group, 2025c). Women constitute 67% of the total workforce and occupy 57% of senior management positions, and the renewal of the UNI PdR 125:2022 Gender Equality Certification for the entire Italian perimeter further attests to the formalisation of diversity and inclusion principles (Tod's Group, 2025c).

Investment in training has followed a markedly accelerating trajectory. The Group delivered approximately 81,200 hours of training in 2023, a 26% increase over 2022, and further expanded to 98,334 hours in 2024, a 21% year-on-year increase (Tod's Group, 2024a; Tod's Group, 2025c). This intensification reflects the Group's strategic commitment to what it has termed "Artisanal Intelligence": the systematic transmission of tacit craft knowledge from experienced artisans to younger generations. The Bottega dei Mestieri programme, operational since 2012, has activated approximately 300 internships, predominantly targeting individuals under 30 and placing them within production sites in the Marche region (Tod's Group, 2025c). In 2024, this was

complemented by the ITS “Maestri Artigiani” pathway, a 1,800-hour programme co-designed with university and industry partners (Tod’s Group, 2025c). Employee well-being is sustained through a welfare plan comprising flexible benefits of €1,600 per employee, supplementary health insurance for entire family units, and on-site services at headquarters including a childcare centre, gymnasium, and corporate restaurant (Tod’s Group, 2025c).

The Environmental Dimension: Decarbonisation and Resource Efficiency

The environmental pillar is structured around a decarbonisation pathway pursued through renewable energy procurement, photovoltaic self-production, and progressive efficiency improvements. The longitudinal data reveal a consistent trend of declining energy consumption and emissions intensity over the 2022-2024 period (*see Table 2*). Total energy consumption decreased from 149,531 GJ in 2022 to 145,749 GJ in 2023, and further to 142,351 GJ in 2024, representing a cumulative reduction of 4.8% (Tod’s Group, 2024a; Tod’s Group, 2025c). Electricity from certified renewable sources increased from 26,480 GJ in 2022 to 37,677 GJ in 2024, a 42% rise across the period, while photovoltaic self-production capacity expanded from 4,024 GJ to 6,896 GJ with four active plants and a fifth under construction at the Montepandone logistics hub (Tod’s Group, 2025c). From 1 January 2025, all electricity consumed within the Group’s Italian operations is sourced entirely from certified renewable sources (Tod’s Group, 2025a; TheIndustry.fashion, 2025).

With respect to greenhouse gas emissions, Scope 2 market-based emissions declined from 11,031 tonnes CO₂ equivalent in 2022 to 9,039 tonnes in 2024, reflecting the progressive shift toward renewable procurement (Tod’s Group, 2024a; Tod’s Group, 2025c). Scope 3 emissions, encompassing the full value chain including raw material procurement (55.0%), transport and distribution (15.5%), and capital goods (14.7%), stood at 104,407 tonnes in 2024, a 13% decrease

relative to 2023 (Tod's Group, 2025c). The 2023 figure of 123,311 tones had represented a substantial increase over the 2022 baseline of 103,972 tones, attributable in part to methodological refinements and an expanded analytical perimeter rather than a net deterioration in performance (Tod's Group, 2024a). In May 2025, the Group received validation from the Science-Based Targets initiative for its emission reduction targets: a 58.8% absolute reduction in Scope 1 and 2 emissions by 2034 and a 63.8% reduction in Scope 3 emissions per million euros of value added over the same timeframe (Tod's Group, 2025b; Tod's Group, 2026). The ISO 14001 Environmental Management System, extended in 2024 to the Montepandone logistics hub, and the newly obtained ISO 50001 energy management certification provide the operational framework for continuous improvement (Tod's Group, 2025c).

Ecodesign, Circularity, and Territorial Engagement

The Group's approach to circular economy principles is predicated on the conviction that product durability, inherently aligned with luxury positioning, constitutes the most effective form of environmental impact mitigation. In 2024, after-sales repair services increased by 38% relative to the previous year, and over 6,300 spare accessories were provided free of charge to clients (Tod's Group, 2025c). At the research level, Tod's collaborated with the Monitor for Circular Fashion at SDA Bocconi on the "One Next Step" ecodesign pilot and conducted a disassembly project analysing 64 SKUs across 1,200 products, which indicated a 78% mass recoverability rate including packaging (Tod's Group, 2025c). Waste management performance improved markedly: total waste declined from approximately 2,770 tones in 2023 to 1,847 tones in 2024, a 33% reduction, with 99% classified as non-hazardous and a 60% average recovery rate (Tod's Group, 2025c).

The territorial dimension of the ESG strategy extends through a structured programme of philanthropic and cultural engagement. The Group allocates 1% of net profit to community initiatives distributed across youth development (55%), social hardship alleviation (28%), disability support (15%), and combating gender-based violence (2%) (Tod's Group, 2025c; Tod's Group, 2023b). Concrete initiatives include the long-standing collaboration with the Comunità di San Patrignano, where a leather goods workshop tutored by Tod's artisans provides vocational training and reintegration pathways, and the "Il volo delle farfalle" project supporting approximately 200 families of persons with disabilities near Sant'Elpidio a Mare (Tod's Group, 2025c). Cultural patronage, including the Colosseum restoration (since 2011), the Palazzo Marino restoration in Milan (initiated 2024), and permanent founding membership in the Fondazione Teatro alla Scala, reinforces the link between brand identity and civic responsibility that characterises Tod's strategic positioning (Tod's Group, 2025c).

Longitudinal Assessment

The aggregation of these data points into a longitudinal comparative framework (*see Table 2*) permits an assessment of the direction and pace of Tod's ESG trajectory. Across the 2022-2024 period, the evidence indicates consistent progress: training investment has grown at an average annual rate exceeding 20%, energy consumption has declined steadily, renewable energy procurement has expanded by over 40%, and Scope 2 emissions have fallen by approximately 18% cumulatively. The supply chain remains overwhelmingly Italian, 98% of raw materials sourced domestically, 90% of external workshops based in Italy, and 59% concentrated in the Marche region, a territorial embeddedness that reinforces the Made in Italy identity while raising questions about the scalability and resilience of SME-dependent production networks.

The integration of environmental targets, human capital investment, artisanal preservation, eco-design innovation, and supply chain governance within a unified framework suggests that, for Tod's, ESG functions not merely as a compliance mechanism but as a strategic instrument for consolidating the intangible resources such as craftsmanship, territorial identity, and heritage, upon which its competitive advantage ultimately rests. Whether this integration constitutes a genuine source of sustained competitive advantage, or whether it remains primarily a reputational and regulatory instrument, is the central question to which Chapter 3 turns.

2.3 Traceability and Digital Innovation Initiatives

While Tod's Group's ESG strategy establishes the normative and organizational framework for its sustainability commitments, the implementation of digital traceability represents the dimension in which those commitments are translated into verifiable, technology-enabled practices. Traceability at Tod's is not conceived as a standalone compliance instrument, but rather as a mechanism that simultaneously advances product authentication, supply chain transparency, and consumer engagement, linking the Group's heritage narrative to the demands of contemporary digital accountability. The cornerstone of Tod's traceability strategy is its Digital Product Passport (DPP) program, developed in partnership with Aura Blockchain Consortium and Temera, a specialist firm in luxury traceability and serialization solutions. The initiative was first deployed for the Group's customizable Di Bag and has since been extended to include the iconic My Gommino driving shoe, the product most closely associated with Tod's brand identity (Tod's Group, n.d.c; Aura Blockchain Consortium, 2025). Each pair within the My Gommino Custom Made collection is equipped with an embedded NFC chip in the right sole. Upon scanning via smartphone, the customer accesses the digital passport, which provides a certificate of authenticity recorded on Aura's private blockchain, details on the provenance of materials, an account of the manufacturing

process, and information on the individual artisans involved in production (Temera, n.d.; FashionUnited, 2025). The passport is further linked to a wallet card connected to Tod's CRM system, enabling personalized in-store experiences, access to extended warranties, dedicated client advisors, and exclusive brand events (The Spin-Off, 2025). The strategic intent behind the DPP extends beyond authentication alone. As articulated by Carlo Alberto Beretta, General Brand Manager at Tod's, the digital passport is conceived as a tool to deepen the relationship with customers, showcase craftsmanship, and elevate the storytelling of iconic products (FashionUnited, 2025). In this sense, traceability at Tod's is deliberately positioned at the intersection of technological innovation and heritage communication: the same system that certifies material provenance and production compliance also serves as a medium through which the artisanal narrative of each product is conveyed to the end consumer. This dual function, verification and storytelling, reflects a broader understanding of traceability as a form of competitive differentiation rather than a mere regulatory instrument. From an anti-counterfeiting perspective, the deployment of blockchain-based authentication addresses a structural vulnerability of the luxury sector. The immutability of blockchain ledgers ensures that ownership records and production data cannot be retroactively altered, providing a verifiable chain of custody from raw material sourcing to the final consumer (Temera, n.d.). The serialization technology supplied by Temera further assigns a unique digital identity to each individual product, enabling the detection of unauthorized replicas and reinforcing the scarcity and exclusivity that underpin luxury value propositions. As the Group's own sustainability portal confirms, the DPP initiative is designed to guarantee product authenticity, the traceability of all production phases, and the value of materials, while engaging customers in a transparent relationship with the brand (Tod's Group, n.d.c). The initiative also carries forward-looking regulatory significance. The Ecodesign for

Sustainable Products Regulation (ESPR, Regulation 2024/1781/EU) mandates the progressive introduction of digital product passports across product categories covered by the regulation, with textiles and fashion goods among the sectors identified for early implementation. Tod's proactive adoption of DPP technology thus positions the Group ahead of the compliance curve, potentially transforming a regulatory obligation into a first-mover advantage within the luxury segment. The strategic implications of this positioning, and the tensions it introduces with respect to artisanal supply chains and the transparency paradox, are examined analytically in Chapter 3.

CHAPTER 3

TRANSPARENCY PARADOX AT TOD'S GROUP

Luxury brands have traditionally derived their value from symbolic capital, heritage narratives, and carefully cultivated mystique, mechanisms that collectively reinforce perceptions of exclusivity and desirability. However, the accelerating emphasis on sustainability and Environmental, Social, and Governance (ESG) disclosure frameworks is compelling firms to adopt greater transparency with respect to sourcing practices, production processes, and supply chain governance. This dynamic introduces a structural tension between the conventional logic underpinning the luxury sector and the normative pressures toward accountability and openness that characterize contemporary corporate governance discourse. The demand for transparency intensified following global scandals related to labor exploitation and unsustainable production practices, which heightened scrutiny from consumers and regulators. As Reck et al. (2022) observe, drawing on Vishwanath and Kaufmann (1999), transparency entails the timely and reliable flow of economic, social, and political information to relevant stakeholders. In this industry, this concept gained prominence as consumers and activists intensified pressure on brands to address labor exploitation and poor working conditions. Yet, for luxury brands, this creates a paradox: while transparency fosters trust and legitimacy, it simultaneously challenges the sector's traditional reliance on controlled narratives and selective disclosure.

3.1 The Transparency Paradox at Tod's: Heritage, Exclusivity, and Disclosure

The transparency paradox, as conceptualized by Reck et al. (2022), holds that transparency does not unconditionally enhance brand perception; under specific conditions, increased disclosure can undermine rather than reinforce consumer trust. For luxury brands, whose identities are

constructed through controlled narratives and selective revelation, this paradox carries direct strategic consequences. The question is not whether to be transparent, but what to disclose, through which channels, and with what degree of specificity, decisions that determine whether transparency reinforces or erodes the brand's symbolic capital. Tod's Group provides an empirically grounded case through which to examine this paradox, precisely because its strategic positioning simultaneously demands and resists transparency. On one hand, the firm has voluntarily adopted extensive ESG disclosure practices, submitted to external sustainability reporting frameworks, and invested in blockchain-enabled digital product passports, all of which represent commitments to openness. On the other hand, the firm's competitive advantage rests on intangible assets, such as artisanal knowledge, territorial identity, heritage narratives, whose value is partially constituted by their tacit and non-codifiable character. The analytical task, therefore, is to determine whether and how Tod's reconciles these competing logics.

The Resource-Based View (Barney, 1991) provides the first analytical lens. Under the RBV, sustained competitive advantage derives from resources that are valuable, rare, inimitable, and non-substitutable (the VRIN criteria). Applied to Tod's, the relevant resource is not any single asset but a bundle: the combination of Marche-district artisanal production networks (59% of workshops concentrated in a single region), an overwhelmingly domestic supply chain (94% Italian suppliers, 90% Italian workshops), a longitudinal ESG commitment documented across multiple reporting cycles (*see Table 2*), and a blockchain-verified digital product passport that translates these attributes into consumer-facing provenance data. Each component individually may be replicable: other brands can adopt blockchain, source from Italian suppliers, or publish sustainability reports. The bundle, however, presents a different analytical proposition. The territorial embeddedness documented in Section 2.1, which Becattini (1990) characterized as the

defining feature of Italian industrial districts, generates tacit knowledge and relational capital that cannot be acquired through market transactions. The artisanal capabilities accumulated over decades within the Marche district are, in Barney's (1991) terms, path-dependent: they result from a specific historical trajectory that competitors cannot compress or replicate through investment alone. The ESG trajectory documented in Table 2, with training hours growing at an average annual rate exceeding 20% between 2022 and 2024, Scope 2 emissions declining approximately 18% cumulatively, and renewable energy procurement expanding by over 40%, provides quantitative evidence that the sustainability dimension of this bundle is not static but actively reinforced through investment. The digital product passport, delivered through Tod's membership of the Aura Blockchain Consortium (Ballini, Battaglia, & Cedrola, 2025), adds a verification layer that transforms otherwise unobservable qualities like material provenance, artisanal processes, environmental certifications, into observable and communicable data. The resulting resource bundle satisfies the VRIN criteria with a critical qualification: the competitive advantage it generates is contingent on the way transparency is managed. Full, undifferentiated disclosure would flatten the very distinctiveness that makes the bundle valuable; selective, narrative-embedded disclosure preserves and communicates it.

(Table 4 provides a comparative overview of the two frameworks employed in this analysis, summarizing their distinct analytical logics and their complementary application to the Tod's case.)

The Triple Bottom Line framework (Elkington, 1997) provides the second lens, assessing whether Tod's ESG strategy balances economic performance, environmental stewardship, and social responsibility in a manner that is strategically coherent rather than merely additive. The environmental dimension shows measurable progress: total energy consumption declined from

approximately 233,600 GJ in 2022 to 212,500 GJ in 2024, while renewable electricity procurement rose from roughly 40,800 GJ to approximately 57,800 GJ over the same period (Tod's Group, 2024a; 2025a). The social dimension is anchored in human capital investment, 98,334 training hours delivered in 2024, up from approximately 64,400 in 2022, and the Bottega dei Mestieri programme, which has provided approximately 290 artisanal internships since 2012, functioning as a mechanism for intergenerational knowledge transfer within the Marche district. The economic dimension is less directly measurable from publicly available data, given Tod's delisting from the Milan Stock Exchange, but the strategic logic is identifiable: ESG investment serves to consolidate the intangible assets (craftsmanship reputation, territorial identity, consumer trust) upon which the brand's premium positioning depends. The analytical point is that Tod's Triple Bottom Line performance is not distributed across disconnected pillars; the three dimensions are structurally integrated. Environmental investment in renewable energy and emissions reduction operates within the same production facilities where artisanal training occurs; social investment in craft preservation simultaneously reinforces the product quality that sustains economic margins. This integration distinguishes Tod's ESG approach from what Jestratijevic et al. (2024) characterize as the selective and inconsistent sustainability disclosure prevalent among luxury brands, where governance structures are communicated but outcome metrics remain limited.

Stakeholder Theory (Freeman, 1984) provides the third lens, examining whose interests Tod's transparency practices serve and whether they are coherently addressed. The relevant stakeholder map includes consumers, regulatory authorities, investors (now concentrated in the controlling family following the delisting), SME suppliers within the Marche district, and industry peers within the Aura Consortium. Each stakeholder group has distinct transparency expectations. Consumers, particularly younger demographics, expect verifiable provenance and sustainability

credentials, a demand that the digital product passport directly addresses. Regulatory authorities, through the CSRD and the forthcoming ESPR digital product passport mandate, require standardized ESG disclosure and product-level traceability, requirements that Tod's voluntary adoption of blockchain-based DPPs anticipates rather than merely follows. The controlling family, as concentrated investors, have a direct interest in long-term brand equity preservation, which ESG performance supports (Larcker, Tayan, & Seru, 2026). SME suppliers, however, occupy a more ambiguous position: they are simultaneously beneficiaries of the visibility that traceability provides (their craftsmanship becomes documented and attributable) and bearers of the compliance costs that digital data provision entails, a tension examined in depth in Section 3.3. The critical insight from the Stakeholder Theory analysis is that Tod's transparency strategy is not uniform across stakeholders. The digital product passport is consumer-facing, designed to communicate provenance and craftsmanship through a narrative format accessed via NFC technology. The ESG data published in sustainability reports serves regulatory and institutional stakeholders, providing standardized quantitative metrics. The internal supply chain governance, supplier auditing, training investment, the Bottega dei Mestieri programme, addresses supplier stakeholders but is communicated to external audiences primarily through aggregate figures rather than granular operational detail. This differentiated approach is consistent with what Khan et al. (2026) identify as selective transparency: a strategic practice in which brands curate disclosure to align with the expectations and interpretive frameworks of specific audiences. Khan et al.'s experimental findings demonstrate that production-focused transparency, the type that Tod's DPP predominantly delivers, enhances perceived brand transparency and engagement without diminishing perceived exclusivity. By contrast, social impact transparency (ethical claims about labor practices, diversity, community engagement) can reduce perceived exclusivity and lower engagement when

communicated through consumer-facing channels. Tod's institutional ESG disclosures, covering solidarity initiatives, workforce diversity, and the Philanthropy Policy, are channeled through corporate reports rather than product-level storytelling, a separation that aligns with Khan et al.'s finding that such content is more effective at the corporate level than the brand-consumer interface. The convergence of these three theoretical lenses produces a composite analytical finding. Tod's navigates the transparency paradox not by choosing between disclosure and opacity but by calibrating the type, depth, and channel of transparency to each stakeholder audience and each strategic objective. The digital product passport functions as production transparency in Khan et al.'s (2026) typology, reveals how the product was made, where its materials originated, and what certifications it holds, while deliberately omitting information that would demystify the production economics (pricing structures, supplier margins, cost breakdowns). The ESG reports function as institutional transparency, providing the standardized metrics that regulators and institutional stakeholders require. The heritage narrative such as the Colosseum restoration, the *Italian Hands* book, the Bottega dei Mestieri, functions as symbolic transparency, reinforcing the brand's cultural identity without exposing operational detail. None of these transparency modes individually resolves the paradox; their strategic coherence as an integrated system does. The artisanal storytelling embedded in the DPP does not disrupt the luxury mystique; it extends it into a digital register, translating craft knowledge into verifiable data without reducing it to commodity information. In this sense, Tod's approach exemplifies what one luxury industry manager in Khan et al.'s (2026) study described as transparency that is strategically curated to appear intimate while protecting mystique, disclosure that is real but bounded, verifiable but narrative, accessible but not reductive.

The analytical implications extend beyond Tod's individual case. The transparency paradox, as this analysis demonstrates, is not a binary condition (transparent versus opaque) but a management problem requiring the calibration of multiple disclosure instruments across multiple stakeholder interfaces. For heritage luxury brands operating within SME-dependent artisanal supply chains, the paradox is particularly acute because the very assets that demand protection (tacit artisanal knowledge, relational supplier networks, territorial identity) are also the assets that transparency initiatives seek to document and communicate. Whether Tod's current calibration is sustainable, particularly as the ESPR mandates progressively more standardized and granular disclosure, is a question that depends on the regulatory trajectory examined in Section 3.2 and the supply chain dynamics examined in Section 3.3.

3.2 Digital Traceability as Strategic Resource: Opportunities and Tensions

Section 3.1 established that Tod's navigates the transparency paradox through a calibrated system of selective disclosure, in which production-focused transparency serves consumer engagement while institutional transparency addresses regulatory and investor stakeholders. The present section subjects the specific instrument through which this calibration is operationalized, the digital product passport (DPP), to a more granular strategic assessment. The analytical question is precise: does Tod's investment in blockchain-enabled traceability constitute a genuine strategic resource capable of generating sustained competitive advantage, or does it function primarily as a compliance and signaling mechanism whose differentiating potential is limited by the shared nature of the underlying infrastructure and the impending regulatory mandate that will universalize its adoption?

The analysis proceeds through three evaluative steps: first, an assessment of the DPP against the VRIN criteria established by the Resource-Based View (Barney, 1991); second, an examination

of the coopetition dynamics inherent in Tod's participation in the Aura Blockchain Consortium; and third, an evaluation of the regulatory trajectory that is transforming the DPP from a voluntary differentiator into a mandatory baseline.

VRIN Assessment of Tod's Digital Product Passport

As documented in Section 2.4, Tod's DPP is deployed through an NFC chip embedded in the product (currently the Di Bag and My Gommino collections), linked to Aura Blockchain Consortium's private blockchain, with serialization technology provided by Temera (Aura Blockchain Consortium, 2025; Temera, n.d.; FashionUnited, 2025). The passport provides the consumer with a certificate of authenticity, material provenance data, manufacturing process documentation, artisan identification, and a wallet card connected to Tod's CRM system enabling personalized services (The Spin-Off, 2025). The question is whether this system satisfies the four VRIN conditions. (*See Table 3*).

Value

The DPP generates value along multiple axes simultaneously. From an anti-counterfeiting perspective, the immutability of blockchain records provides a verifiable chain of custody that conventional certificates of authenticity cannot match, a significant function in a sector where the OECD estimates counterfeit goods represent approximately 3.3% of world trade, with luxury goods disproportionately affected (OECD/EUIPO, 2019). From a consumer engagement perspective, Khan et al. (2026) demonstrate experimentally that production-focused transparency, the category into which the DPP falls, enhances both perceived brand transparency and consumer engagement without diminishing perceived exclusivity. From a regulatory compliance perspective, Macchion (2026) confirms that the ESPR mandates DPP adoption across fashion and textile products with full compliance anticipated between 2026 and 2030; Tod's voluntary adoption

thus converts a future compliance cost into a current strategic asset. The DPP additionally generates operational value through its integration with the CRM system, enabling data-driven customer relationship management that links traceability to after-sales services, warranty management, and loyalty programming (The Spin-Off, 2025). The value criterion is unambiguously satisfied across multiple dimensions.

Rarity

The assessment of rarity requires differentiation between the technology and its content. Blockchain-based DPP systems are not themselves rare: the Aura Consortium alone counts 50 member brands, and competing platforms (such as TextileGenesis and Retraced) serve non-luxury segments (Macchion, 2026). However, the specific content that populates Tod's DPP, verified artisanal provenance from the Marche district, documentation of individual craftspeople involved in production, the particular configuration of heritage storytelling embedded in the passport interface, is brand-specific and not replicable through technology adoption alone. As Ballini et al. (2025) observe, the consortium model enables each brand to adopt shared infrastructure while telling a unique product story. The rarity, therefore, resides not in the technology but in the informational and narrative content it carries, content whose distinctiveness derives from the territorial embeddedness and artisanal production model analyzed in Sections 2.1 and 2.2.

Inimitability

This criterion requires the most careful analysis. The blockchain platform is imitable, any firm can join Aura or a competing consortium. The NFC hardware is commercially available. The data management architecture, while requiring investment, follows established implementation pathways that Macchion (2026) formalizes in a seven-step framework applicable to any fashion company. What is not straightforwardly imitable is the underlying resource base that generates the

DPP's content. The artisanal knowledge concentrated in the Marche district, the relational capital between Tod's and its network of SME suppliers cultivated over decades, the institutional infrastructure of the Bottega dei Mestieri training programme, these are path-dependent resources in the sense that Barney (1991) specifies: they result from a unique historical trajectory that cannot be compressed through investment. A competitor could adopt identical blockchain technology and achieve equivalent technical functionality, but populating the passport with equivalent artisanal provenance data would require replicating the production ecosystem itself, the workshops, the supplier relationships, the tacit craft knowledge, which constitutes a substantially higher barrier. Inimitability is therefore partial and conditional: it applies to the resource bundle (technology plus content plus territorial embeddedness) rather than to the technology component in isolation.

Non-substitutability

Traditional certificates of authenticity, brand holograms, and manual provenance documentation serve some of the same functions as the DPP. However, these substitutes lack the immutability, consumer accessibility, and regulatory compliance capacity that blockchain-based systems provide. As the ESPR progressively mandates digital product passports, non-digital substitutes will become legally insufficient for products entering the EU market (Macchion, 2026; European Parliament and Council of the European Union, 2024). The non-substitutability criterion is satisfied with increasing force as the regulatory environment evolves.

The composite VRIN assessment yields a nuanced conclusion: Tod's DPP constitutes a strategic resource in formation. The technology component alone does not satisfy the rarity and inimitability conditions; the resource bundle that is combining shared infrastructure with firm-specific artisanal content, territorial provenance, and heritage narrative, on the other hand, does. The competitive advantage it generates is real but conditional on the quality and distinctiveness of the content that

populates the system, which in turn depends on the preservation of the artisanal production model that generates that content. Table 3 summarizes this assessment, disaggregating the DPP into its constituent resource components and evaluating each against the VRIO criteria (Barney & Hesterly, 2012).

VRIN Analysis of Tod's Group Digital Product Passport Resource Components

Resource	Valuable	Rare	Inimitable	Non-substitutable	Competitive Implication
Blockchain infrastructure (Aura Consortium platform)	Yes	No	No	Partial	<i>Competitive parity</i>
NFC / serialization technology (Temera)	Yes	No	No	Partial	<i>Competitive parity</i>
Artisanal provenance content (Marche-district data, craftsperson documentation, heritage narrative)	Yes	Yes	Yes	Yes	<i>Sustained competitive advantage</i>
Integrated DPP resource bundle (technology + content + CRM integration + organizational learning)	Yes	Yes	Yes	Yes	<i>Sustained competitive advantage</i>

Note. The VRIN framework assesses whether a resource is Valuable (V), Rare (R), Inimitable (I), and Non-substitutable (N) (Barney, 1991). “Competitive parity” indicates resources that are necessary for market participation but insufficient for differentiation. “Sustained competitive advantage” indicates that the resource or bundle satisfies all four VRIN criteria. Technology components (rows 1 and 2) are assessed independently of brand-specific content; “Partial” on non-substitutability reflects that traditional certificates of authenticity and manual provenance documentation serve analogous functions, though with inferior verifiability, consumer accessibility, and regulatory compliance capacity, limitations that will become decisive as the ESPR mandates digital product passports (Macchion, 2026). The artisanal provenance content (row 3) satisfies non-substitutability because the territorial, relational, and tacit knowledge it encodes cannot be replicated through alternative mechanisms. The integrated bundle (row 4) reflects the synergistic combination of shared infrastructure with firm-specific capabilities, where competitive advantage is conditional on continued investment in the artisanal production model and digital integration described in Section 3.2.

Coopetition Dynamics within the Aura Blockchain Consortium

Tod's DPP operates within a shared institutional structure, the Aura Blockchain Consortium, that introduces a second layer of strategic analysis. Ballini et al. (2025) characterize Aura as a coopetition arrangement: competing luxury brands collaborate on shared technological infrastructure while maintaining independent competitive positioning. The consortium, founded in 2021 by LVMH, Prada Group, OTB, Cartier, and Mercedes, now encompasses 50 brands with over 50 million products tracked on the network (Ballini et al., 2025). Tod's is a participating member alongside brands from the LVMH and Prada portfolios, direct competitors in the luxury leather goods market. This structure creates a strategic tension that warrants explicit analysis. On one hand, consortium membership provides access to a mature, validated blockchain infrastructure at substantially lower cost than proprietary development, a particularly significant advantage for a mid-sized luxury group relative to conglomerates like LVMH that could finance independent solutions. The shared platform also generates network effects: the more brands that participate, the greater the consumer familiarity with the DPP format and NFC interaction paradigm, which reduces adoption friction for individual brands. Furthermore, consortium participation signals institutional legitimacy, membership alongside established luxury houses reinforces the credibility of Tod's traceability claims in a market where greenwashing concerns are pervasive (Jestratijevic et al., 2024). On the other hand, shared infrastructure introduces a standardization pressure that could constrain differentiation. If all consortium members offer DPPs with similar interfaces and comparable data categories, the DPP risks becoming a hygiene factor, a necessary condition for market participation rather than a source of competitive advantage. Ballini et al. (2025) partially address this concern by noting that Aura's architecture permits brand-specific customization: each company can design its own storytelling within the passport interface, as demonstrated by Prada's

Eternal Gold collection, which used the shared infrastructure to communicate a distinctive sustainability narrative centered on recycled gold. Tod's employs an analogous customization, embedding artisanal Marche-district provenance data, individual craftsperson documentation, and CRM-linked services that competitors using the same blockchain cannot replicate without possessing the equivalent production ecosystem. The coopetition analysis therefore reinforces the VRIN finding: the consortium is the platform; differentiation is produced by the content. The strategic risk for Tod's lies not in the shared infrastructure per se, but in the possibility that regulatory standardization will progressively constrain the range of permissible customization, reducing the narrative space within which brands can differentiate their DPP offerings.

The Regulatory Trajectory: From Voluntary Differentiation to Mandatory Baseline

The third evaluative dimension concerns the temporal dynamics of the DPP's strategic value. Tod's adoption of blockchain-enabled DPPs preceded the regulatory mandate, positioning the firm as an early adopter. However, the Ecodesign for Sustainable Products Regulation (ESPR, Regulation 2024/1781/EU) mandates the progressive introduction of digital product passports across product categories, with textiles among the sectors identified for priority implementation. This regulatory trajectory creates a structural shift in the competitive logic surrounding DPPs. Prior to the mandate, voluntary adoption constituted a differentiator: firms that invested in DPP technology signaled superior commitment to transparency and positioned themselves as industry leaders. As the mandate takes effect, DPP adoption becomes a market access requirement rather than a competitive choice. The differentiating potential therefore migrates from the decision to adopt to the quality and richness of the adoption. Macchion's (2026) cross-case analysis supports this logic: the proactive adopter in her study (AM2) had already completed strategic planning, lifecycle mapping, and full supply chain integration before regulatory deadlines, while the reactive adopter

(AM1) was still in early stages, constrained by limited internal resources and incomplete data visibility. The strategic advantage of early adoption resides not merely in temporal precedence but in the organizational learning, supplier integration, and data infrastructure that accumulate during the voluntary phase, assets that late adopters must build under compliance pressure rather than strategic discretion.

For Tod's, this analysis implies that the current window of competitive advantage is bounded. As competitors are compelled to adopt DPPs by 2028-2030, the mere possession of a digital product passport will cease to differentiate. What will differentiate is the depth of supply chain data, the richness of the provenance narrative, the quality of the consumer interface, and the degree to which the DPP is integrated with broader brand and CRM systems. Tod's current implementation, with individual artisan identification, NFC-enabled storytelling, and CRM-linked personalized services, represents a level of depth that Macchion's (2026) reactive adopter has not yet approached. Whether this depth advantage is sustainable depends on continued investment in both the digital infrastructure and the artisanal production model that generates its content.

The convergence of these three analytical dimensions, VRIN assessment, coopetition dynamics, and regulatory trajectory, produces a finding that is strategically significant but qualified. Tod's DPP constitutes a genuine strategic resource, but one whose competitive advantage is transitional rather than permanent. The technology is a platform; the advantage is in the content, the integration, and the timing. As regulatory universalization progressively eliminates the differentiating value of adoption itself, the competitive logic shifts to a second-order competition: not whether a brand has a DPP, but what is in it, how deeply it is embedded in the organizational infrastructure, and how effectively it communicates the brand's distinctive value proposition. For

Tod's, the answer to this second-order question is structurally linked to the preservation and digital integration of its Marche-district artisanal supply chain, a dependency that introduces the tensions examined in Section 3.3.

3.3 Implications for SME-Based Artisanal Supply Chains

The preceding sub-chapter examined the transparency paradox and digital traceability from the perspective of Tod's Group as a lead firm, assessing how it calibrates disclosure and whether its DPP investment constitutes a strategic resource. This section shifts the analytical vantage point to the supply chain actors upon whom both the transparency strategy and the traceability infrastructure structurally depend: the small and medium-sized artisanal enterprises that constitute Tod's production network. The question is not whether traceability generates value for the brand, but how the costs, capabilities, and consequences of traceability adoption are distributed across the supply chain, and whether the resulting distribution is strategically sustainable. The structural parameters are documented in Section 2.2 and the 2024 Sustainability Report: 94% of Tod's suppliers are Italian, 90% of its workshops are located within Italy, and 59% of those workshops are concentrated in the Marche region (Tod's Group, 2025a). This is an extraordinarily concentrated and territorially embedded supply chain by luxury industry standards. The Marche district constitutes what Becattini (1990) characterized as an industrial district, a socio-territorial entity in which the productive activity is organized through networks of small, specialized firms bound together by a shared cultural and institutional environment rather than by hierarchical corporate structures. In such districts, competitive advantage derives not from the capabilities of individual firms but from the systemic properties of the network: the density of specialized knowledge, the tacit transmission of craft skills across generations, the relational trust that facilitates flexible coordination without formal contracting. These systemic properties are

precisely what makes the Marche district a strategically valuable resource for Tod's, as established in the VRIN analysis (*see Table 3*). They are also what makes the introduction of digital traceability requirements into this ecosystem analytically complex.

Opportunities: Visibility, Attribution, and Institutional Recognition

The implementation of blockchain-enabled digital product passports within Tod's supply chain introduces a form of institutional visibility that SME artisans within industrial districts have historically lacked. In conventional luxury supply chain configurations, the contribution of individual suppliers is subsumed within the brand's value proposition: the consumer purchases a Tod's product, not a product made by a specific workshop in Civitanova Marche. The DPP alters this dynamic by documenting and attributing the artisanal contribution at the product level. As described in Section 2.4, Tod's digital passport provides information on the individual artisans involved in production, the manufacturing processes employed, and the provenance of materials (Temera, n.d.; FashionUnited, 2025). This represents a shift from anonymous supplier contribution to documented, verifiable, and consumer-accessible attribution. The strategic implications of this shift for SME suppliers operate through several mechanisms.

First, attribution creates a form of reputational capital that accrues to the supplier as well as the brand. A workshop whose craftsmanship is documented in a blockchain-verified passport and accessed by consumers via NFC technology acquires a form of institutional recognition that strengthens its position within the supply chain, the supplier becomes a named contributor to a luxury product rather than an interchangeable production unit. This is consistent with Marshall et al.'s (2017) finding that communication-based engagement with first-tier suppliers proves significantly more effective than unilateral compliance mandates in generating sustainable supply chain practices. Attribution functions as a form of communication: it acknowledges the supplier's

contribution and creates a mutual interest in maintaining the quality standards that the passport documents.

Second, the empirical evidence from Khan et al. (2026) suggests that production-focused transparency, the category that includes artisanal process documentation, generates the highest consumer saves among all transparency types on social media platforms. Saves, as a behavioral metric, indicate content that consumers wish to revisit, suggesting genuine interest in and valuation of craftsmanship content. If consumers actively value and engage with information about how products are made and by whom, the artisanal knowledge that SME suppliers possess becomes not merely a production input but a content asset with direct consumer-engagement value. This reframes the supplier's position within the value chain: the artisan is not only producing the product but also generating the narrative content that populates the brand's transparency infrastructure and drives consumer engagement.

Third, participation in the Aura Blockchain Consortium's ecosystem offers SME suppliers access to digital infrastructure that they could not individually afford to develop. Ballini et al. (2025) emphasize that Aura's vision is explicitly inclusive, extending beyond luxury conglomerates to encompass small fashion houses, technical partners, and suppliers throughout the value chain. The consortium model theoretically lowers the entry barrier for SMEs by providing shared technological infrastructure, standardized data protocols, and consortium-level governance that individual firms would lack the resources to establish independently. In this sense, the consortium functions as a collective digital capability that partially compensates for the individual digital deficits of small artisanal firms.

Burdens: Cost, Capability Gaps, and the Digitalization Asymmetry

The opportunities identified above are contingent on the capacity of SME suppliers to participate effectively in the traceability system. Macchion (2026) provides the most detailed analysis of DPP implementation barriers in fashion, identifying a systematic asymmetry between lead firms and supply chain partners. Her case of AM1, a manufacturer in early DPP adoption stages, illustrates challenges likely amplified for smaller artisanal workshops: limited internal resources, difficulty collecting data beyond Tier 1 suppliers, reliance on manual data collection methods, insufficient technological infrastructure, and lack of skilled personnel for digital system management (Macchion, 2026). These represent structural capability gaps reflecting the digital maturity differential between lead firms and SME suppliers. Caniato et al. (2012) established that large enterprises and SMEs adopt fundamentally different sustainability strategies: large firms make partial, incremental adjustments, while SMEs may need to restructure entire supply chains.

Applied to Tod's, this implies that DPP requirements flowing downstream cannot be absorbed through marginal adjustments. Workshop-level data collection, digital codification of production processes, and integration with blockchain verification systems represent a qualitative transformation for firms whose production knowledge is tacit and embodied in craft practice rather than codified in digital systems. This tension has a specifically cultural dimension. Becattini (1990) emphasized that industrial district competitiveness resides in systemic properties such as informal knowledge networks, trust-based relationships, flexibility from tacit coordination. Digital traceability demands the opposite: explicit, standardized, machine-readable data. Codifying artisanal processes for DPP purposes risks flattening the tacit knowledge that constitutes the district's distinctiveness. An analytical paradox emerges that mirrors Section 3.1: the traceability

system is designed to make visible the very qualities whose value is partially constituted by their non-codifiable character.

Macchion (2026) further identifies data sharing and privacy concerns as a significant barrier, noting that supply chain actors must exchange commercially sensitive information. For SME artisans, the data required (production processes, techniques, supplier relationships), may constitute proprietary knowledge whose disclosure creates competitive exposure. Koppelaar et al. (2023, as cited in Macchion, 2026) underscore that data governance and protection of commercially sensitive information remain major implementation challenges. The financial dimension compounds these barriers: if DPP costs are passed downstream without corresponding lead-firm investment in supplier capability building, the system becomes extractive rather than inclusive. Karaosman et al. (2018) documented this tension in Italian fashion, finding that supplier-brand collaboration must be intentionally aligned with shared sustainability objectives rather than unilaterally imposed.

The Structural Dependency and Its Strategic Implications

These analyses converge on a structural dependency with direct strategic consequences. The competitive advantage identified in Sections 3.1 and 3.2, the integrated resource bundle combining heritage, artisanal content, and blockchain-verified traceability, is fundamentally dependent on the continued participation and capability of SME suppliers who generate the content populating the DPP. If digitalization requirements exceed the capacity of artisanal workshops to participate, the bundle degrades: the passport loses its distinctive provenance content, and the VRIN conditions sustaining competitive advantage are undermined. The regulatory trajectory reinforces this

dependency. As the ESPR mandates progressively broader DPP implementation between 2026 and 2030 (Macchion, 2026), data requirements flowing to suppliers will intensify.

Tod's current DPP covers selected product lines; regulatory compliance will require coverage across all categories. Scalability depends on whether the broader Marche-district workshop network can be digitally onboarded without disrupting the relational dynamics that constitute its productive advantage. The Scope 3 emissions data from Table 2 adds a further dimension: reducing supply chain emissions requires active capability building (energy efficiency improvements, material sourcing adjustments, process optimization), that extends far beyond data provision. The Bottega dei Mestieri programme (~290 internships since 2012) represents one model of lead-firm investment in supplier capability, though focused on craft transmission rather than digital capacity. Whether Tod's extends this logic to digital literacy and DPP integration support will substantially determine the strategy's sustainability.

The broader implication extends beyond the individual case. If lead firms invest in supplier digital capabilities, the ESPR mandate could strengthen the district model, providing SME artisans with institutional visibility and digital integration that enhances their competitive position. If they simply pass compliance requirements downstream, the mandate risks displacing small workshops in favor of digitally mature suppliers, eroding the territorial embeddedness that constitutes the Italian luxury sector's distinctive advantage. For Tod's, this is not merely operational but strategic: it determines whether the resource bundle analyzed in this chapter retains its coherence and competitive value.

CONCLUSIONS

This thesis explored whether sustainability and digital traceability offer genuine strategic value for luxury brands or primarily serve as tools for reputation management and regulatory compliance. Utilizing a qualitative case study of Tod's Group (Yin, 2018), the research triangulated sustainability reports, ESG disclosures, and corporate communications with academic literature on supply chain transparency, luxury brand management, and digital traceability. Three theoretical frameworks were employed: the Resource-Based View (Barney, 1991), the Triple Bottom Line (Elkington, 1997), and Stakeholder Theory (Freeman, 1984), alongside the transparency paradox framework (Reck et al., 2022; Khan et al., 2026), to deliver an integrated analysis across strategic, sustainability, and stakeholder dimensions. The thesis presents three principal findings.

First, the transparency paradox in luxury is not a binary condition but a management problem requiring the calibration of multiple disclosure instruments across stakeholder interfaces. Tod's navigates this paradox through selective transparency: the digital product passport delivers production-focused disclosure (material provenance, artisanal processes, certifications) that enhances brand credibility and consumer engagement without diminishing exclusivity, consistent with Khan et al.'s (2026) experimental evidence. Institutional ESG data is channeled through corporate reports for regulatory and investor audiences, while heritage narratives reinforce cultural identity without exposing operational detail. The strategic coherence of these channels, rather than any single disclosure practice, enables Tod's to reconcile accountability with exclusivity.

Second, the VRIN analysis (*see Table 3*) establishes that Tod's blockchain-enabled DPP constitutes a genuine strategic resource, but one whose competitive advantage is conditional and

transitional. The shared Aura Blockchain Consortium platform (Ballini et al., 2025) does not itself satisfy the rarity and inimitability criteria. The advantage resides in the resource bundle: shared infrastructure combined with firm-specific artisanal content, heritage narrative, CRM integration, and organizational learning from early voluntary adoption. As the ESPR mandates DPPs across fashion categories between 2026 and 2030 (Macchion, 2026), competitive logic will shift from whether a brand has a passport to what is in it, and Tod's current implementation, with NFC-enabled storytelling and artisan identification, positions the firm favorably in this second-order competition.

Third, the analysis reveals a structural dependency connecting brand-level advantage to supply chain-level capability. The VRIN conditions sustaining Tod's competitive position depend on the continued participation and digital capacity of SME suppliers who generate the artisanal content populating the DPP. The literature identifies systematic digitalization asymmetries between lead firms and SME partners (Macchion, 2026; Caniato et al., 2012), compounded within Italian industrial districts by the tacit, relational nature of craft knowledge (Becattini, 1990). Whether Tod's traceability strategy is sustainable depends on whether the firm invests in supplier digital capability building, extending the Bottega dei Mestieri logic from craft transmission to digital integration, or merely transfers compliance requirements downstream.

These findings have direct managerial implications. For Tod's, strategic priorities include preserving content distinctiveness within the DPP as regulatory universalization reduces adoption's differentiating value, extending supplier capability building to digital literacy and DPP integration, and maintaining the calibrated multi-channel transparency system balancing production-focused consumer engagement with institutional ESG reporting. For luxury brands, the analysis confirms

production transparency aligns with luxury codes, while social impact transparency requires careful positioning, typically at the corporate level (Khan et al., 2026). For Italian artisanal supply chains, the ESPR mandate poses a collective challenge: if lead firms invest in supplier digital capabilities, the regulatory shift could strengthen the district model; if compliance costs are transferred downstream without support, it risks displacing the small workshops on which the sector's distinctiveness depends.

However, the thesis is not without its limitations. The reliance on publicly available data restricts the depth of operational analysis; direct interviews could have provided more detailed insights. The single-case design limits the generalizability of the findings, and Tod's delisting hinders a direct evaluation of financial returns from ESG investments. The ESPR framework is still under development, and compliance timelines may change. Future research could address these limitations by conducting comparative multi-brand studies, longitudinally tracking DPP competitive dynamics as mandates are implemented, quantitatively investigating the depth of DPP adoption and consumer engagement, and, importantly, examining SME supplier perspectives on traceability implementation within industrial districts.

In conclusion, while sustainability and digital traceability can indeed create strategic value for luxury brands, this value is neither automatic nor unconditional. It emerges through the careful calibration of transparency types, the integration of shared technological infrastructure with firm-specific artisanal content, and sustained investment in supply chain capabilities that produce distinctive provenance data. For Tod's Group, the transparency paradox is not resolved but managed, and the effectiveness of this management determines whether sustainability and

traceability offer a genuine competitive advantage or merely represent a cost of continued market participation.

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Tables

Table 1

Key Corporate and Product Milestones of Tod's Group

Year	Milestone
Early 1900s	Filippo Della Valle establishes an artisanal cobbler's workshop in the Marche region, Italy
1940s	Dorino Della Valle expands the workshop into a small artisanal company producing women's footwear
1970s	Diego Della Valle transforms the family business into an industrial company: Calzaturificio Della Valle D. S.p.A.
1978	Brand officially named J.P. Tod's
1979	Launch of the iconic Gommino driving loafer
1986	Launch of the Fay brand
1988	Launch of the Hogan brand
1995	Acquisition of a majority stake in Roger Vivier
1997	Launch of the D Bag, associated with Princess Diana
1998	Inauguration of the Group's production headquarters in Brancadoro, Marche
1999	Brand renamed Tod's, dropping the J.P. prefix
2000	Tod's S.p.A. listed on Borsa Italiana (MTA)
2005	Launch of first ready-to-wear collection
2023	Tod's joins the Aura Blockchain Consortium; Digital Product Passport introduced for the Di Bag
2024	Tod's taken private through a transaction with L Catterton (backed by LVMH)
2025	Digital Product Passport extended to the Gommino loafer

Note. Milestones compiled from Tod's Group corporate history (Tod's Group, n.d.), Tod's brand history (Tod's, n.d.), and Ostilio and Ghaddar (2017).

Table 2

Tod's Group: Key ESG Indicators; Longitudinal Comparison (2022-2024)

ESG Pillar	Indicator	2022	2023	2024
Social	Total employees	~4,913	5,211	5,267
Social	Women in workforce (%)	66.2%	66.7%	67%
Social	Women in senior roles (%)	—	—	57%
Social	Training hours delivered	~64,400	81,200	98,334
Social	Training hours per capita	—	15.6	18.7

Social	Bottega dei Mestieri internships (cumul.)	~200	~250	300
Environ.	Total energy consumption (GJ)	149,531	145,749	142,351
Environ.	Certified renewable electricity (GJ)	26,480	33,613	37,677
Environ.	Photovoltaic self-production (GJ)	4,024	6,158	6,896
Environ.	Active photovoltaic plants	2	3	4
Environ.	Scope 1 emissions (tCO ₂ eq)	1,924	1,763	1,800
Environ.	Scope 2 market-based (tCO ₂ eq)	11,031	10,127	9,039
Environ.	Scope 3 emissions (tCO ₂ eq)	103,972	123,311	104,407
Environ.	Waste produced (tonnes)	~2,770	~2,770	1,847
Supply Ch.	Raw materials from Italian suppliers	—	98.8%	98%
Supply Ch.	External workshops in Italy	—	—	90%
Supply Ch.	Workshops in Marche region	—	—	59%
Supply Ch.	Leathers from LWG-certified suppliers	—	—	93%
Govern.	SBTi targets validated	—	Committed	Validated
Govern.	CNMI Sustainable Fashion Award	—	—	Craft & Artisan. (2025)

Note. Data compiled from Tod's Group (2024a), Tod's Group (2025a), and Tod's Group (2025c). The “~” symbol denotes values derived from reported year-on-year percentage changes. Scope 3 figures for 2022 and 2023 reflect evolving measurement methodologies and expanded analytical perimeters, as noted in the source reports.

Table 3

VRIN Analysis of Tod's Group Digital Product Passport Resource Components

Resource	Valuable	Rare	Inimitable	Non-substitutable	Competitive Implication
Blockchain infrastructure (Aura Consortium platform)	Yes	No	No	Partial	<i>Competitive parity</i>
NFC / serialization technology (Temera)	Yes	No	No	Partial	<i>Competitive parity</i>
Artisanal provenance content (Marche-district data, craftsperson documentation, heritage narrative)	Yes	Yes	Yes	Yes	<i>Sustained competitive advantage</i>
Integrated DPP resource bundle (technology +	Yes	Yes	Yes	Yes	<i>Sustained competitive advantage</i>

content + CRM integration + organizational learning)					
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Note. The VRIN framework assesses whether a resource is Valuable (V), Rare (R), Inimitable (I), and Non-substitutable (N) (Barney, 1991). “Competitive parity” indicates resources that are necessary for market participation but insufficient for differentiation. “Sustained competitive advantage” indicates that the resource or bundle satisfies all four VRIN criteria. Technology components (rows 1 and 2) are assessed independently of brand-specific content; “Partial” on non-substitutability reflects that traditional certificates of authenticity and manual provenance documentation serve analogous functions, though with inferior verifiability, consumer accessibility, and regulatory compliance capacity, limitations that will become decisive as the ESPR mandates digital product passports (Macchion, 2026). The artisanal provenance content (row 3) satisfies non-substitutability because the territorial, relational, and tacit knowledge it encodes cannot be replicated through alternative mechanisms. The integrated bundle (row 4) reflects the synergistic combination of shared infrastructure with firm-specific capabilities, where competitive advantage is conditional on continued investment in the artisanal production model and digital integration described in Section 3.2.

Table 4

Comparative Overview of the Resource-Based View and Triple Bottom Line Frameworks as Applied to Tod’s Group

Dimension	Resource-Based View (Barney, 1991)	Triple Bottom Line (Elkington, 1997)
Theoretical origin	Strategic management	Corporate sustainability
Core question	Does the firm possess resources that generate sustained competitive advantage?	Does the firm balance economic, environmental, and social performance?
Analytical criteria	Valuable, Rare, Inimitable, Non-substitutable (VRIN)	People, Planet, Profit
Unit of analysis	Firm-level resource bundle	Firm-level sustainability performance across three dimensions
Application to Tod’s	Evaluates whether the combination of artisanal heritage, territorial embeddedness, ESG commitment, and blockchain-verified DPP constitutes an inimitable strategic resource	Assesses whether Tod’s ESG investments (training hours, emissions reduction, renewable energy, Bottega dei Mestieri) are structurally integrated across economic, social, and environmental dimensions
Type of insight generated	Competitive positioning: whether the resource bundle can be replicated by competitors	Strategic coherence: whether sustainability performance reinforces or fragments the firm’s value proposition
Complementarity	<i>Identifies what makes Tod’s resource bundle distinctive</i>	<i>Evaluates whether that bundle is balanced and internally consistent</i>

Note. The two frameworks are applied sequentially in Section 3.1 as complementary analytical lenses. The Resource-Based View (Barney, 1991) assesses whether Tod’s transparency-related capabilities constitute a source of sustained competitive advantage; the Triple Bottom Line (Elkington, 1997) evaluates whether the firm’s ESG performance is

strategically coherent across its economic, environmental, and social dimensions. The complementarity row indicates how the two frameworks address distinct but interconnected analytical questions: the RBV identifies the distinctiveness of the resource bundle, while the TBL evaluates its internal balance and consistency.