



The impact of Corporate Social Responsibility in the luxury industry.

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Abstract

The luxury industry practices have always been one of the most unethical, but in the 21st century, this is starting to cause some issues. The mindset of this century is constantly evolving and turning more eco-friendly and ethical, rejecting old procedures.

These society's changes are resulting in a decline of the fashion luxury brands' reputation and also, in their sale and profits, which leads them to create a new management strategy, one more aligned with Corporate Social Responsibility (CSR).

The aim of this study is to analyze the importance of CSR practices in the luxury industry nowadays, taking as an example two iconic luxury brands, Hermès and Tiffany, which follow different paths and values and so, analyzing the reactions to these practices in their internal and external environment in two countries, France and Mexico, which have major cultural differences.

In order to identify this, a deep analysis of the two brands will be made, revealing their actual business strategies and their mistakes, likewise, a complete description of the two countries' culture, mindsets and implication in the luxury business.

This study recovers the different perspectives from a sample of 100 users and non-users of these brands, as well as their opinion on possible changes to these practices, but also the vision of internal players who actually apply those strategies. It is interesting to notice from these results that, from the 100 persons interviewed, 58 were not even able to mention one CSR practice that these brands implement and 46 think any luxury brand could be ethical and eco-friendly. We will see in this case study that the answers vary drastically according to the country (France or Mexico) and the people have different interpretations to each brand's strategy as well as different recommendations. It is curious to realize that most of the visions of these persons from each brand are completely wrong.

The aim of this study is then to find which strategies are and should be implemented in each brand in each country in order to satisfy their clients or potential customers, respecting the external environment.

Key words: CSR, environmental marketing, transparency, corporate reputation, sustainable fashion, competitiveness, luxury.

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1. Introduction

1.1. Motivation of the study

After centuries of negative stages that took place all around the world, like absolute monarchies, slavery, social disparities and so on, today a new issue affects the whole planet and its inhabitants: the social and environmental degradation. It is important to reform our practices in order to make a significant change in order to leave future generations a better place to live.

These issues are rising because of each person's habits, but mostly because of the industries, which are the main responsible for pollution, but are also the ones who follow unethical practices at work towards their employees and the external environment. Many companies have started to change their practices and turn them more rational and ethical, this new way of operating business is called Corporate Social Responsibility or CSR.

Nevertheless, one of the sectors that do not focus so much on CSR and cause major damages to the environment, is the luxury industry and the practices in this sector are becoming an issue in our century. Nowadays, the newest generation, the millennials, are now the most important actors for this industry (Deloitte, 2016) and they do not accept the practices used in these businesses.

Firstly, luxury brands use real animal fur and leather, which represents unethical treats for the animals; as also the pollution and the environmental degradation generated by this industry. Concerning the social side, some brands like Nike, hire outsourcing companies, which use unethical processes in the production, like Child labor or the employee's exploitation by working long-time schedules that provokes them to live in subhuman conditions.

Since mindsets are changing and people are concerning about those ethical issues, these practices generally lead to negative results for the brands, such as poor corporate reputation and thus, decrease of sales. For these reasons, and to satisfy their potential customers, some of these brands are trying to meet the requirements of the new generations in order to be more sustainable. We mostly talk about brands from emerging markets, with 65% of them willing to

make sustainable Fashion (McKinsey, 2017), thus, the problem is still in the mature ones, which keep growing.

In this thesis, we will see the vision that people from this century have of the luxury brands; identify where and why are they failing and find solutions to please the current and potential customers by proposing real sustainable solutions.

1.2. Purpose of the thesis

The purpose of this thesis is to analyze the impact that the CSR can have on the luxury business' reputation, as well as the positive impact that they can have on the society and the planet.

Since the biggest players on any business are the customers, it is interesting to analyze their perception towards this characteristic of the brands they're buying, but mostly, the importance it takes in their purchase decision. Nowadays, more and more persons are concerned about brand's values and ethics while running their business. The lack of a good management, could cost a company the decrease of their profits and clients. For example, not following an ethical management can cause a damage to their corporate reputation. But even if many companies are turning their heads into Corporate Social Responsible management, not all of them are doing it, especially the luxury ones. So, it is even more interesting to analyze customers perception towards CSR in the luxury business and if there is actually a possible link between these two elements.

In this thesis, we will see what people really think of this characteristic of the luxury business, but to push the analysis a little further, we will compare these perceptions for two brands, which have decided to follow different paths concerning ecology and ethics, Hermès and Tiffany & Co.

It is important to mention that perceptions can vary depending on the culture. For example, countries from the Northern European region, have a huge awareness towards ecology ; while developing nations like Mexico are less concerned about it. For this reason, this analysis will

be carried out by interviewing French and Mexican people and comparing their perceptions regarding this topic.

The objectives of this thesis are:

- To analyze the importance of having a Corporate Social Responsibility strategy nowadays as well as the risks of not having one.
- To analyze how internal players react to CSR in the luxury industry.
- Finally, to analyze the perspective on external players about CSR in the luxury industry and more particularly, in the particular case of Hermès and Tiffany & Co.

1.3. Organization of the thesis

To get to the point of this study, it is important to put the readers in a certain context and explain the reason for such analysis, as well as the objectives expected and how to get to these. For this, the first part of the study will be theoretical.

First of all, the most important terms will be defined and linked together in order to explain the context of the subject. The Corporate Social Responsibility will be defined and illustrated with some examples on luxury brands using CSR, followed by a description of the Luxury business today as well as its evolution over time. Also, The terms of sustainable fashion and transparency will be explained. Then, a link will be made between Corporate Social Responsibility and the luxury business in order to have a good idea on the impact CSR have on this sector and the risks the brands who don't follow these strategies.

The second part of the study will be about methodology, describing the objectives and explaining how to get to each of them through the theoretical part and through the cases and analysis of Hermès and Tiffany & Co.

The third part, as it is a case study, will be about the different items of the analysis which will be well defined. The two countries will be described and compared as well as the two brands, Hermès and Tiffany & Co, specifying their actual strategies and CSR practices if any. This

part also includes the analysis of the interviews on users, non-users and workers, which will provide the perception each actor have on these brands and how they believe it could be improved with a part in which solutions will be proposed for each brand.

Finally, a conclusion will be made to view which brands are in line with a good CSR strategy and how others can improve on this field, as well as the limitations of this study and the future possible research on the topic.

2. Literature Review

2.1. Context

2.1.1. What is CSR?

In the last century, mindsets have been starting to evolve, customers do not look only at the products or services of a brand anymore, they expect from them, a certain conscientiousness. A promise to follow practices that will not harm the planet today or in the future as well as the people working in it. Because their popularity and reputation were going down, many brands have decided to make changes in their ways of making work their business in a more responsible one. These changes to a more ethic management are called: Corporate Social Responsibility.

« CSR includes the economic, legal, ethical, and philanthropic expectations placed on organizations by society at a given point of time » (Carroll and Buchholtz, 2000). According to the Business News Daily (Jennifer Post, 2017), CSR practices can be resumed in 4 different points:

Environmental efforts. Companies from any sector are the first reason for pollution and environmental damages, that is why they all should have a control on whether their production results on negative impacts and how to overcome these. Some practices that should be used are renewable sources of energy, having control over the gas emissions, not using animals for testing, recycling and eco-friendly methods.

Philanthropy. Big companies should use some of their capital to make donations to charities and good causes, mostly in the countries where they operate and cause damages to the environment and society, but also internationally. They should use their extra resources to overcome positively the damages they make worldwide.

Ethical labor practices. Another important aspect of CSR is the employees' treatment. Companies who have their production made in countries with low cost workforce usually don't respect the customs and legislation of the country. A good CSR practice is to respect the

working conditions of the locals and accept their traditions and ways of working, as well as respecting the law by not exceeding the legal hours per day of work or having the live in poor conditions.

Volunteering. By supporting certain organizations and participating in programs helping local causes, the companies can show their commitment. It is important that brands who have the power to make a change show their customers and shareholders that they do not only care about making profits, but also to help.

The new mindsets search for companies who are socially and environmentally conscientious and the 4 points just mentioned that constitute Corporate Social Responsibility are the way brands should work to achieve what their clients are expecting from them.

CSR has become an essential management practice to bring benefits to both companies and their customers.

2.1.2. Examples of CSR strategies

CSR have started to be used in some brands in the luxury business, and as an example here are some of the many practices used by two of the most well seen brands in the sustainability reports, Stella McCartney famous for its ethical part on the leather free policy and Valentino, for its support avoiding deforestation.

The first example, Stella McCartney, is seen as one of the most ethical brands by customers starting with the fact that it has a « No fur, No leather, No skin policy ». Also, the brand is against animal testing and no presence of PVC (Polyvinyl chloride) since 2010. Since 2013, all the brand's products have also been Angora free, after the campaign PETA made against it.

Concerning its workers, Stella McCartney stoped using the sand blasting methods when producing denim accessories, because it is not safe for its workers, it only uses processes that won't harm the employees.

Finally, the brand is part of the Ethical Trading Initiative (ETI) alliance of companies which work to improve worker's conditions all over the world, free from exploitation and work in safe and equal conditions, ensuring all of its production in Western Europe in order to avoid bad working conditions in poor countries. Stella McCartney also supports projects to reduce poverty and promote gender equality giving jobs to thousands of people in extreme poverty situations.

The second example we will see is Valentino. According to Green Peace, Valentino proves that « Green is the new Black ». It is one of the Greenest companies, firstly with its zero deforestation commitment, as much for packaging avoiding the use of fibers coming from tropical forests and using 50% of recycled material than for leather avoiding Operations with cattle in the Amazon which today occupy over 62% of the deforested Amazon.

Also the brand has a strong commitment towards sustainability by reducing its air emissions and reducing waste as well as, subjecting all of its raw materials to the «Convention of international Trade of species of flora and fauna threatened with extinction». The brand has other commitments with the environment in its Ethical Chart.

Finally, the brand follows strict rules concerning the health and safety of its employees in work and adapt the work to the employee, protecting them against harassment and avoids risks in the work place.

2.1.3. Importance and benefits of CSR.

Nowadays, Corporate Social Responsibility has become more a marketing strategy than a responsibility, brands invest on CSR and make sure everyone hears about it just as they do with a communication campaign. But marketing strategy or not, not implementing such practices could bring to the company huge risks. We will firstly see the benefits for a brand to use such strategies (Forbes, 2012).

First, and the most important reason why companies engage themselves in CSR is for customer engagement. As it is becoming an important topic in people's minds, and a purchase driver, companies are investing in it and making noise about it to make sure their reputation is still at its best. By following CSR practices, the clients are more willing to stay loyal to the brand and keep buying from it and it could as well bring new clients.

Another benefit is the employee's commitment to the brand, as they are well treated; they will want to stay within it and also talk well about it and make good publicity to the company. Also, today, each great talent prefers to work for a responsible company, so it is easier for brand managers to hire qualified and overqualified employees if the perception of the brand is positive. Once again, it is a matter of public image, companies want to be well rated in peoples' minds.

Actually, CSR in the social part, for customers, employees and investors, is the biggest long-term gain on investment (McKinsey, 2011), as they are more attracted to responsible brands and will buy more, invest more or simply be loyal to the brand.

The fact that the brand is well seen in the market will result in brand differentiation and will increase competitiveness, for its sales, but also will attract investors. It is a way of showing investors that they don't have as main goal just to make profits, but they also care about their employees, the environment and local communities, which will be a driver for investors. According to Deloitte (2017), building a sustainable supply chain is one of the 5 ways to create value through social impact.

Finally, if the brands invests in renewable energies, such as solar panels, it will turn into a long-term a cost saving, companies usually use sustainable resources as a way of reducing their costs of production. It is also an opportunity to innovate, with the money saved using renewable energies, the company could invest in innovation of new sustainable packagings or in techniques that reduces the carbon footprint.

So in the end, even if it is more a marketing tool, investing in CSR practices will always result for everyone as a positive income, for the brand itself, for the employees, for the customer. However, not taking measures in this side of a company can bring considerable risks for it.

Brands who decide to ignore Corporate Social Responsibility may not face issues today, but surely they will do in the future. As new generations are more aware of the planet issues, those brands won't survive as they will lose reputation, clients, profits, but also employees and investors. Not investing in CSR could also bring legal issues because of the environmental damages or legal situations regarding workforce.

To conclude this part, it is obvious that we are heading to a sustainable conscientiousness era and the brands who will not adapt to its demands will not survive, CSR is clearly a subject of matter that everyone should take into account.

2.1.4. The luxury industry.

The luxury industry started with the aristocratic families' habits and their desire to differentiate themselves from people of lower classes, starting from jewelry to cars and yachts. Since then, it has kept on growing for one simple reason: Luxury is a symbol of success. People are willing to pay huge amounts of money to prove to the world they have reached a higher status.

Luxury and fashion brands have their origin in Europe, where the most famous houses of fashion have their origins. One of the most famous are actually French, with the most important turnover for the LVMH group, with 22,4 billion €, followed by Richemont, with 12,2 billion € :

Position	Brand	Country	Sales Billion €	Sales Growth (%)	Net Profit Margin
1	LVMH	France	22.4	15.2	11.2
2	Richemont	Switzerland	12.2	6.4	20.1
3	Estée Lauder	US	11.3	4.5	10.0
4	Luxottica	Italy	9.8	15.5	9.1
5	Kering	France	8.7	16.4	6.2
6	Swatch Group	Switzerland	8.5	-3.0	13.2
7	L'Oréal	France	8.0	16.7	15.2
8	Ralph Lauren	US	7.4	-2.8	5.3
9	Chow Tai Fook Jewellery	Hong Kong	7.3	-11.9	5.3
10	PVH	US	6.3	-2.3	7.1

Table 1. Top 10 Luxury Brands (Deloitte, 2015)

Nevertheless, today, the first buyers of this industry, which actually constitute 1/4 of the total products bought, are the Chinese.

As said before, China is a growing market, even after the economic crisis and the terrorist attacks that made the European and US market stagnate because of the lack of tourism, in 2017 previsions for this sector are more than positive with a growth expected around 2% and 4%, reaching a turnover between 254 and 259 billion € (Journal Du Luxe, 2016).

Even if other markets suffer from outer events, the luxury market is one of few that are not endangered, as people will always have the need to show their power and success to the rest of the world. Nevertheless, a new challenge that is affecting this industry is the arrival of the millennial generation, with their new expectations and mostly the need for a more sustainable fashion.

Sustainable fashion is the way of developing and implementing more sustainable production or consumption methods in the fashion business, as clothes, shoes and accessories. As fashion is a changing tendency, people always need to keep buying merchandise to follow fashion trends, so the companies must keep on producing for their business to survive, nevertheless some precautions can be taken to be more eco-friendly and still be fashionable.

For example, a new trend is to buy vintage clothes, as old fashion is coming back, some stores focus on selling old closed instead of producing new ones. Another example is the renting brands, many new small businesses rent clothes for a small period, like wedding dresses and tuxedos, which make people save money and a whole production process, saving water, energy and raw materials.

Also, a strategy used by some luxury brands, like Hermès with its collection « Petit H », is to recycle. To produce a bag, a certain amount of material are needed and from it, a lot of pieces won't be used because of the shape of it, and so can be reused in other products (like small key rings for example).

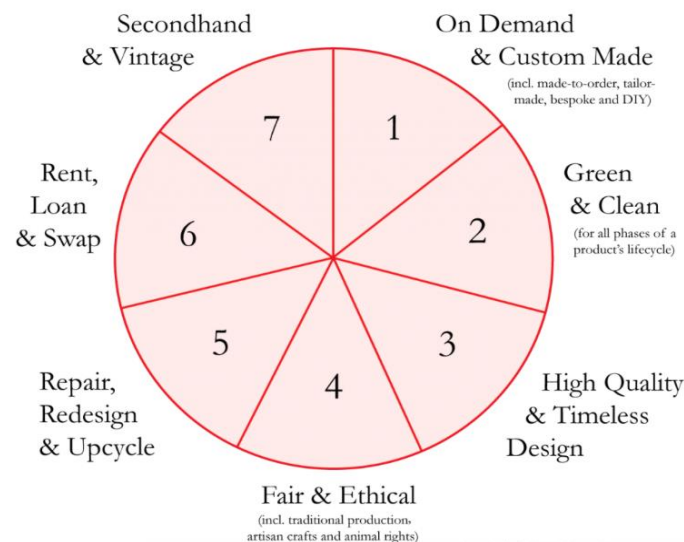


Figure 1. Seven forms of sustainable fashion (Green strategy, 2016).

Luxury has been a long-lasting business through time, but with the way the world is changing, it will have to adapt just like any other to the expectations and needs of the market. Many companies have already begun to develop CSR strategies and eco-friendly chains of production, but there are several strategies that need to be implemented in short-term, like avoiding the creation of accessories with real animal skins for example, due to the cruel process that the animals face.

2.1.5. Transparency and competitiveness

While luxury brands are turning more sustainable and making lots of advertising about their new eco and socially-friendly methods, the entire supply chain is rarely known. This is what transparency is about, surely we can talk about financial transparency for the investors or prices transparency, but what is interesting here is the transparency in this stage.

Most of the time, these multinational brands locate their production in foreign countries in order to save manpower costs, like Taiwan or China. The issue with this is that local customs and communities are not respected, usually the employees of the factories have poor working conditions and work more hours than the legally allowed. Even worst, some stages of the supply chain are usually done by children. This is the part that brands do not communicate about, and even if they pretend to be responsible in front of their customers, many information behind the process are hidden.

An example of this is the Nike scandal in 1998, where it was revealed that the sportswear company was using child labor, even the co-founder Phil Knight accepted that « Nike product has become synonymous with slave wages, forced overtime and arbitrary abuse » (Phil Knight, 1998). The brand was linked with slavery and child labor and lost most of their customers. Nike had to put in place many strategies to regain its customers and investors' trust, like releasing the locations of its factories or making fully transparent reports. Nowadays, Nike is on the top of the list of clothing and shoe sustainable brands (Morgan Stanley's Report, 2015) as well as transparent regarding supply chains.



Figure 2. Morgan Stanley's list of the most sustainable clothing and shoe brands (2015).

This example shows the importance of being transparent, because with the press coverage nowadays, it is hard for companies to hide such scandals and it will finally turn against them. For these reasons, companies not only need to be sustainable on the most visible aspects but they must be responsible in all their production processes as well as working only with outsourcing brands or suppliers following the same ideals and values, this transparency is what investors and customers look for nowadays, like stated by Sandra Loureiro (2016), which analyzed the generation Y in Europe and their expectations of CSR in this industry.

We can come back to the same reasoning as before about sustainability and the risks of not paying attention to the changing trends, as new generations expect responsible brands, they also expect transparency in the way brands operate. For a CSR management to work and be trustworthy, transparency is vital.

The pros for a luxury brand of being fully transparent comes hand in hand with sustainability, it makes customers loyal, investors interested and satisfied and it's a huge competitiveness strategy.

2.1.6. Importance of CSR in luxury brands.

This chapter about CSR and the luxury business answered to the first objective which was to analyze the impact CSR have on luxury brands and the risks of not using such strategies. By making research on existing literature and describing the different items of the analysis, some interesting results came out. As the benefits of following a Corporate Social Responsibility program have been stated in the precedent chapter, we will only talk about the special case of luxury brands and how it is different from normal brands.

Of course CSR is undeniably necessary for any brand to survive this new era, but for the luxury industry it is slightly different. Luxury products are not vital and newest generations are more interested of investing their extra money on traveling than on luxury goods, compared to older generations. Luxury brands live through their reputation, as their prices are high, people are only willing to buy its products because it gives them a good image and status. Nevertheless, it is essential that these companies stay highly located in peoples' minds or they will start losing customers and investors who won't want to be related with them.

More than the pollution they create, in this sector, what is more criticized is based on are the working conditions, because surely they are proud about the conditions given to their direct employees in the stores and offices, but we never hear about what really happens in the back door production.

Another cause for which organizations such as Greenpeace, PETA or WWF fight, is the torture and use of animal leather and fur. In order to be more exclusive, luxury brands use high quality leather but most of all, use exotic fur and leather like alligator or ostrich, usually leading to extinction and endamaging of the species. This issue is a modern, older generations were used to buy real authentic fur. Nowadays, most people usually prefer to buy artificial ones. This issue has been growing mostly because of Social Media, which allows people to see through videos what really happens in the crocodile farms, as an example.

But there is not a single CSR strategy and each luxury brand should find the ones that fits them best depending on their products, like stated in the article of (Janssen, Vanhamme, Lindgreen, Lefebvre. 2014), concerning the influence on scarcity and ephemerality of the fit

of Luxury goods and CSR. Some brands like Stella McCartney have already started to use their own strategy by stop using real animal fur and leather for example and actually make campaigns to support this cause. This is the path that other luxury companies should follow, it might be enough today by only using eco-friendly packaging but as mindsets change, they will have to adapt to new expectations.

This research is then about the impact that Corporate Social Responsibility have on the luxury business and how this issue is perceived by people in our century. As it is a current topic, we have seen that many research has already been done about CSR but also about CSR in the luxury business. Nevertheless, the current research does not talk about the issues of this thesis as this study focuses on a particular population, which are Mexican and French customers and their different perception on the matter but also centering the analysis in two huge luxury brands, Hermès and Tiffany & Co. As well, this study focuses on the different perception of two important actors in the luxury business, workers and customers. The objectives of this thesis have not been addressed by other researches today, that is why it is interesting to conduct this study.

3. Methodology

The point of this study is to analyze the impact Corporate Social Responsibility have on the luxury brands. For this, we will answer to three different objectives.

The first one is to analyze the impact of CSR on luxury brands, which will be achieved with the first part, defining properly each concept of the topic. In a first time, CSR will be defined, followed by the examples of Valentino and Stella McCartney's strategies and the benefits and dangers of using or not this kind of CSR practices. Then, the luxury business and its evolution will be presented as well as some crucial terms such as Sustainable fashion, transparency and competitiveness. This theoretical part will be developed thanks to existing literature found in books or online.

The second objective will be to analyze how internal workers of these two brands react to CSR and the importance it takes for them. To get to this, an interview will be made to 3 workers of Hermès and 3 of Tiffany. Each item of the analysis will be described, the two brands' strategies and CSR involvement as well as basic information on each. After all the items will be clear and the results are obtained an analysis will be made. First the demographics will be exposed followed by the answers of each question accordingly. From this analysis the perceptions of internal actors will be found and described.

Finally, the third and last objective will be to analyze the perception of users and non-users from these brands and their vision of CSR in the luxury industry. For this, an interview will be made to a random sample of 100 respondents thanks to an online program called « SurveyMonkey » which allows to make a synthesis of the results. To get to an interesting result, these 100 interviewees will be from two different countries, France and Mexico in order to get different perceptions. Once again, the first step is to describe all of the items of the analysis, the brands and the two countries and then an analysis of the results will be made and will allow to reach the objective. The eight different questions will allow to see what these persons think of CSR, of luxury brands but also to have their opinion on how brands could improve on this field.

We will now see why Hermès and Tiffany & Co were chosen for this study and how the results were collected to reach the objectives.

3.1. Cases on luxury brands (Hermes & Tiffany)

As explained before, this case study will be about Hermès and Tiffany & Co. The reason why these two brands are the items of it is because of their difference in terms of strategies, environment impact and CSR management.

Hermès is a French brand with an important family history, following traditions and craftsmanship, which is a detail very appreciated by its customers. Nevertheless, its impact on the environment is rather negative because of its use and torture of animal skin.

On the contrary, Tiffany & Co, is less well known for its history but even if it exploits mines to get its diamonds, the positive actions it undertakes for the planet have more positive impacts than the negative ones from exploiting.

To get all the information on each brand, each one has a responsibility report that can be downloaded from its website. Concerning Hermès, thanks to an internship in the brand, I have access to a more detailed report on its activities and direct testimonies from the CEO in Mexico.

Finally, it is then interesting to compare the perception of external and internal actors on each brand to know how big is the impact on their reputation according to the degree of CSR practices but also to know if people are actually aware of this side of these brands.

3.2. Interviews, data collection methods.

As said before, two different interviews are made, one for the employees of each brand, interrogating 3 per brand and another one for external actors, users and non-users of the two companies, interviewing 100 persons.

The first one, for the employees, is an interview of 10 questions, starting with demographic ones (age, gender, nationality), followed by more theoretical ones on CSR and finally, last ones asking their opinion on the two specific brands and their ethical or unethical practices. At the end, the respondents propose possible solutions for the brands to be more adequate to their needs. This interview was made face to face, for Hermès, with the CEO of Mexico, the marketing director and the commercial director, For Tiffany & Co, it was made to the director of a store and two sellers of another one.

The second one, for the users and non-users, a specialized website to make surveys was used, « SurveyMonkey », it is a link to be sent to people so they answer and the synthesis of the answers is directly made on the website. Because it was for French and Mexicans, one was made for each in the adequate language and so it would be easier to analyze the answers from each country. Concerning the questions, they are the same as for employees but adapted to an external respondent. The sample of respondent was of 100 persons, approximatively half Mexican and half French, men and women and of ages from 18 to 60.

4. Analysis and results

4.1. The cases

This Analysis will be then about 2 well-known luxury brands which have different CSR strategies, Hermès and Tiffany & Co. These brands both bring positive and negative impacts to the world, but the interesting part is to see which impact overcomes the other. We will see a quick description and presentation of each brand and their strategies.

4.1.1. Hermès



Nationality	French
Creation	1837
Worldwide presence	
Headquarters	Paris, Rue du Faubourg Saint Honore
Logo	
Target	+25 years old, high social class, men and women.

Table 2. Table on Hermès basic information.

Hermès is a familiar French company, created in 1837, which started its business by producing accessories for horses. But once the modernization started to appear with the

creation of cars, the brand had to adapt to survive and began producing other ranges of products such as bags and gloves. Quickly it developed itself to become one of the most important luxury brands in Paris. Today, this luxury giant is present almost all over the world and has yearly sales of 5,2 billion DLRS, and profits of 1,2 billion DLRS (Forbes, 2017).

This artisanal brand is highly placed in people's mind, mostly in European's ones, which appreciate the familiar side and craftsman work on its products. But there are other sides on this brand's production, like in many other luxury brands, which Hermès do not really communicate about. We will see now the ethical side of the brand and its Corporate Social Responsibility strategies.

The brand defines its mission in its ethical charter as « the Hermès mission in respect of sustainable development is to base its corporate vision around the authenticity of its objects and the strong ethical values practiced throughout the house ».

Hermès values with its personnel are **trust** (help personal growth), **Setting an example** (team leaders are here to ensure equal recognition and embody the values of the brand), **Excellence** (the brand enables the progress of its employees and so their employability), **High standards** (maximize performance with integrity and loyalty), **Recognition and respect** (respect of workers, their job and their thoughts, no discrimination), **Enthusiasm** (enthusing employees to the Hermes culture), **Solidarity** (respect private life and take difficulties into consideration), **discretion** (political or religious activities, while respected, must be practices outside work), **confidentiality** (towards the information of the group) and **harmony** (pleasant environment of work with hygiene and safety rules).

Concerning its CSR practices, Hermès has a strong communication about the activities it undertakes for the environment, as well as for the local communities in which it operates for its production, even if most of it is made in France.

- Use the cleanest technologies available and product that best preserve the environment.
- Control energy use and the respect of natural resources.
- Control waste, recycle (Petit H collections are made of the extra materials not used).

- Avoid accidental pollution and limit noise.
- Promote the emergence of local skills in the communities they operate in by employment and training partnerships. Also, try to use as much as possible local sources in order to contribute to local economic life.
- Adhesion to international principles like child labor, discrimination, forced labor and freedom of association.

Hermès also launched in 2008, a foundation which encourages artistic development like photography, design and plastic arts. This foundation also supports some projects for biodiversity, for example:

- The silk from Les Hellènes. Bring support to the local communities in Greece where the silk is created.
- Researching the know-how that affects less biodiversity.
- « Pour un sourire d'enfant », Hermes Supports the ONG that helps kids in Cambodia.
- A biological agriculture project in India supported by an ONG that teaches families how to cultivate on their own.
- Help Bolivian culture to create a green label of craftsmanship, as well as helping Indian, Pakistani and Kenyan nomad communities.
- Support to WWF to reduce illegal commerce of wildlife animals, by exchanging information online and having guidance from professionals.

At first sight and thanks to great communication strategies, Hermès looks like a remarkable brand in a CSR basis. Nevertheless, as it is for many other luxury brands, all those reports and measures taken are more a marketing campaign than a real attempt to help. A confirmation of this statement is that, for all the efforts the brand ensures it undertakes, it should be present on

the biggest lists of Sustainable brands worldwide, like Dow Jones Sustainability Indices and it is not the case (2016). Secondly, all of the CSR activities which are undertaken are all about research and financial support which we never hear about besides on its Sustainability Report, and there is no prove of real environmental effort. Then, in order to keep its exclusivity, the brand burns all of the products unsold of the season, which creates pollution of course but also destructs materials that could be reused. The company talks about control of wastes when instead of reusing their materials they simply burn it.

Finally, and the best part for the end, the use of animal skins. Hermès has been hugely criticized on the past years, not only for the materials they use but for the way they get it. It is now well-known by everyone thanks to Social Media that the French luxury brand tortures the animals from which they get the exotic skins, like crocodiles. A prove of this processes is the fact that the singer Jane Birkin from whom the iconic bag of the house, the « Birkin », was named after, recently decided to prohibit the brand from using her name and to be linked to such tortures.

After all of these statements it is hard to believe that Hermès is actually a Responsible brand, it might undertake some measures for the development of communities and artistic knowledge, nevertheless, the damages it causes to the planet is of bigger impact than the positive aspects. These issues are not yet sufficiently important for people to stop buying Hermès products and actually they are not really aware of what is happening all along the production process but with the newest generations, transparency is expected and the brand will surely have to review its CSR activities.

4.1.2 Tiffany & Co



Nationality	American
Creation	1837
Worldwide presence	
Headquarters	New York 5th Avenue
Logo	
Target	+25 years old, high social class, men (presents or engagement rings) and women.

Table 3. Table on Tiffany & Co basic information.

Tiffany & Co is an American brand created in 1837, it is a jewelry company, well-known for its diamonds and engagement rings in a little blue box wrapped with a white ribbon. But it is in 1878 that Tiffany & Co becomes popular because of its Tiffany Diamond, a yellow diamond of 128,54 carats and 82 shining facets. After this, the brand launches its engagement rings collection and becomes the reference all over the world for love and marriage. Today, Tiffany & Co has a worldwide distribution and achieves a yearly sales of 4 billion DLRS, with a profit of 446 million DLRS (Forbes, 2017).

As Hermès, the brand is highly positioned in peoples' minds but for different reasons. Of course it is a famous brand and every girl would like to receive someday a Tiffany Diamond but it is also a very sustainable brand, even if like any other luxury companies it has its

defects, the CSR activities it undertakes according to its sustainability report are remarkable. Sustainability is part of the brand's culture and values, which are **respect, integration, excellence and responsibility**.

- Responsible Mining. Source of the majority of the rough diamonds from mines known and recycled sources. Understanding of the social, economic and environmental impact of the mining processing to create positive impacts from the mine to the customer.
- Diamonds sourced from countries participants in the Kimberley Process Certification Scheme. Own process of control to ensure human rights en the environment is protected.
- Investments in local communities where they operate and local hiring.
- « Our dedication to protect the natural world is at the heart of Tiffany culture ». Protection of Yellowstone National Park and Bristol Bay from mining.
- Blue Boxes and bags sustainable. Sourcing paper from responsibly managed forests and recycled paper.
- Monitoring of the supply chain. They manufacture the majority of the products in-house, cut and polish the diamonds.
- Social accountability program to ensure that vendors in the program protect human rights, labor and environmental standards worldwide.
- Reduce energy usage and greenhouse gas emissions. Pledge of net-zero greenhouse gas emission by 2050. Also, green building and renewable energy use and proactive environmental management are the brand's pillars. Setting goals procuring 100% of the electricity coming from renewable sources, like using solar arrays in some locations.
- Employees that share the same values of respect, inclusiveness, excellence and responsibility.
- Respect of the laws, customs and values of the communities they operate in.

- Welcome diversity in all its forms and emphasize in professionalism in a respectful, inclusive and fair work environment.
- Support local communities by supporting nonprofit organizations and civic institutions and use corporate giving programs.
- Sustainable practices are part of the organization's culture, with a special department dedicated to these issues.

Tiffany & Co also launched a foundation, in 2000, seeking to preserve the world's most treasured landscapes and seascapes. The brand does not only takes measures to protect the environment, it also makes projects to recreate what has already been damaged.

- Urban Parks. Focus on the rehabilitation, protection and creation of public urban green spaces.
- Coral Conservation. Support organizations that work to improve the health of oceans, preservation and management of coral reefs. Education of the importance of the corals and marine ecosystem and support research of oceans' health.
- Responsible mining. Protect places of natural and historic importance. Support the communities where they operate and promote the development of standards for responsible mining with specialized organizations' support.

While press only talks about Hermès' damages to the planet, Tiffany & Co's popularity is growing within Green associations and activists. It is clear that a diamond brand cannot be a hundred percent green because of the mining extractions, nevertheless, the positive actions it is taking to repair de damages made on our planet are remarkable. Tiffany & Co is not only using all the possible resources it has to preserve the environment, it is also using them to repair the harm already made by launching projects to repair maritime fauna and flora but also restoring public gardens in the cities.

Another remarkable fact of this brand is its full transparency, the company knows and accepts the harm mining does to the environment and it talks openly about it. But in order to restrict

the damages made, Tiffany undertakes many actions, like reporting all the rough diamonds' source from only known mines from countries who are part of the Kimberley Process Certification Scheme, which consists in certifying the diamonds as conflict-free. Tiffany do not extracts its diamonds from mines like Zimbabwean or Angolan where there are human rights abuse, also, they do not purchase from suppliers who cannot give proof that the diamonds were not brought from those countries.

Tiffany has taken a road all luxury brands should follow. With an annual profit of only around 9% of its sales, the brands undertakes more sustainable actions than any brand who wins 3 times more than it, like Hermès. Nevertheless, the same issue appears, and it is the fact that today's generations are not yet sufficiently aware of what those brands do well or wrong. Newest generations expect from their brands an attitude like the one Tiffany is taking, a futuristic one, hopping to make the planet great again, now it is necessary to teach these measures to older generations so every brand starts going through the same path.

4.2. Cross cultural differences

As the analysis will be focused on the perceptions of people form different cultures, France and Mexico, we will see some demographic and cultural details about each country to understand better the differences between people's answers to the interviews. We will also see some numbers about the luxury business in each of them as well as the level of operation Tiffany & Co and Mexico have in each.

	FRANCE	MEXICO
population	66,836,154	123,166,749
Age structure	0-14 years: 18.59% (male 6,354,241/female 6,070,971) 15-24 years: 11.8% (male 4,035,407/female 3,853,153) 25-54 years: 38.04% (male 12,799,923/female 12,625,781) 55-64 years: 12.44% (male 4,011,853/female 4,303,261) 65 years and over: 19.12% (male 5,510,337/female 7,271,227) (2016 est.)	0-14 years: 27.26% (male 17,167,636/female 16,402,301) 15-24 years: 17.72% (male 11,049,818/female 10,770,843) 25-54 years: 40.69% (male 24,174,900/female 25,938,909) 55-64 years: 7.41% (male 4,187,644/female 4,944,802) 65 years and over: 6.93% (male 3,827,870/female 4,702,026) (2016 est.)
Population growth rate	0.41%	1.15%
Urbanization	Urban population: 79.5% of total population (2015) rate of urbanization: 0.84% annual rate of change (2010-15 est.)	Urban population: 79.2% of total population (2015) rate of urbanization: 1.57% annual rate of change (2010-15 est.)
GDP	2,422 BILLION USD	1,144 BILLION USD
GDP per capita	\$41,700	\$9,500
GDP real growth rate	1.1%	2.5%
Population below poverty line	8.1%	52.3%

Table 4. Comparison table of France and Mexico’s demographics

4.2.1. Mexico

Mexico is a country located between USA and Latin America, very famous for its culture and landscapes. This country which was not considered as an international power is today the second economic power in Latin America after Brazil thanks to its free trade agreements with more than 40 countries all over the world.

Nevertheless it is still one of the poorest countries and with the biggest inequalities, with more than half of its population below the poverty line for 1 percent having half of the countries wealth. This very small percentage is the side of the population that wish to

differentiate from the others and buy luxury products such as cars, watches which give them a certain economic rank just by looking at them. Actually, in 2017 previsions said over 265 000 billionaires should be living in Mexico (Journal du Luxe, 2016).

Mexico is the first market for luxury goods in Latin America. Over 40 millions of Mexicans between 25 and 50 years old participate actively to the development of this industry. In 2014, Mexico reached 14 thousand millions of dollars in luxury goods sales. Mexico is an important market for the luxury industry which keeps growing each year (Luxury Society, 2014)

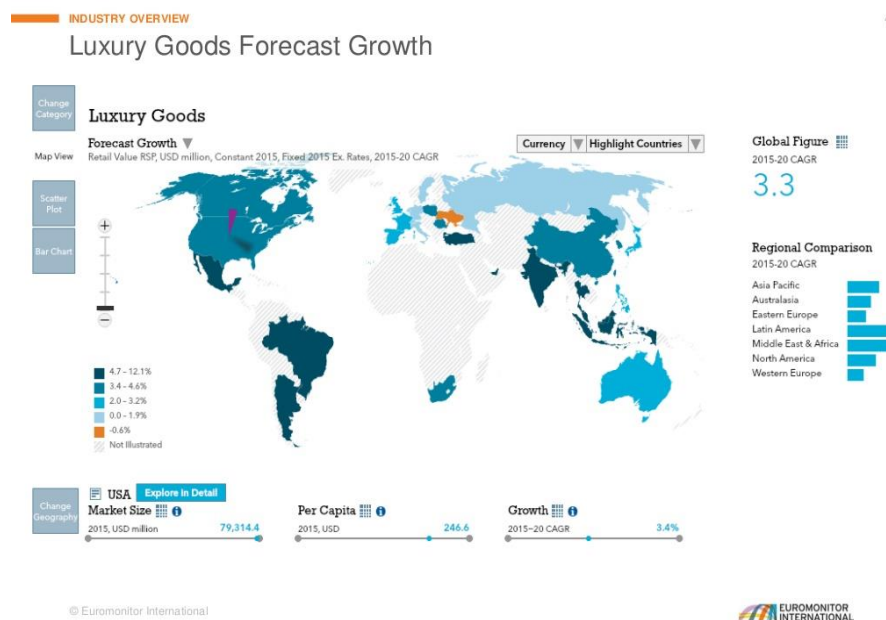


Figure 3. Map of Luxury goods forecast growth in the world.

Also, according to Knight Frank’s annual wealth report, Mexico is one of the first destinations where wealthy people go to spend their money on luxury goods .

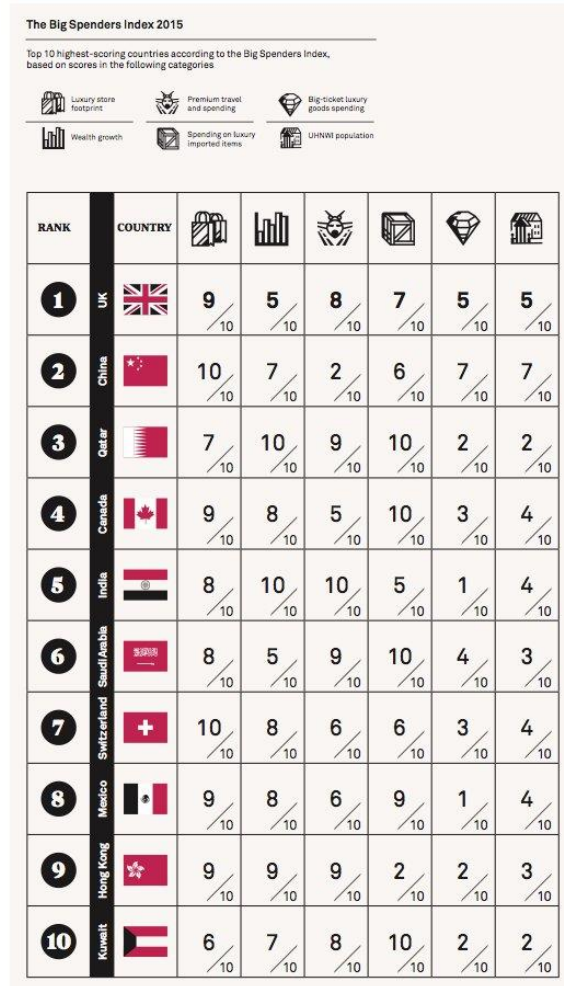


Figure 4. The big Spenders in 2015 (Knight Frank, 2015)

As we are speaking about the luxury business in Mexico, it is interesting to describe the level of operation the two brands we are analyzing have in this country.

- **Hermes:** 4 stores in Mexico and 2 in the rest of the country. In 2015, 884m€ turnover in the Americas, 18% of sales. Mexico made in 2016, 13 467 481.27€ of sales.
- **Tiffany:** 6 stores in Mexico City and 5 in the other states of the country. In 2015, Latin America made 244 014 millions\$ of sales, which represented 5,74% of the worldwide sales. As Latin America only has 6 other stores in Brazil and Chile, we can say that Mexico represents more than half of Latin America's sales.

But Mexico, just like any other country has challenges to overcome to keep its luxury industry growing. Firstly, the challenge of the moment is the election of the president of the United States, Donald Trump, whom is decided to break the free trade agreement with Mexico but also by incrementing the cost of the dollar, all prices in the luxury business in Mexico have enormously grew leading to less sales. Secondly, it is well-known worldwide that Mexico has important issues with Drug Trades and is considered as a dangerous country, which is not very attractive to tourists. Finally, Mexico implemented a law to avoid money laundry and prohibited to pay in cash over the amount of Mx\$45 150, which reduced considerably the sales of luxury goods such as watches or high jewelry.

Nevertheless, mindsets are changing an Mexico has been nominated as the first city to visit in 2016 by the NY Times (New York Times, 2016). Also, most of the luxury consumption is made domestically, even if 52% of the Mexican population is under the poverty line, 1% of the population owes half of the country's wealth, and are the first target of luxury brands. For this reason, Mexico is the first market for luxury in Latin America.

Concerning sustainability, Mexico is one of the most polluted cities in the world, and as an emerging country, it is not focusing on ecological issues, even if some changes are made over the years, for example:

- Limitation of cars driving into the city depending on the days to avoid over-pollution and traffic congestion.
- The implementation of the use of bicycles.
- Separation of organic and non-organic garbage.
- The interdiction of cutting trees or the law forces to replant another one.

It cannot be seen as an actively green country as it still has many changes to make drastically but the conscientiousness is rising and some measures are taken anyways.

Finally, regarding sustainable luxury, Mexico isn't home for any important international luxury brand, it welcomes foreign luxury brands only, so the fabrication not being made their, we cannot talk about sustainable luxury. Also, in the mind of the Mexican consumer, the most

important thing is not the sustainable side of the goods, but the social appurtenance they will get by using it and the experience they will have by entering a luxury store.

The last part of the description of this country is about culture. All countries have different mindsets and customs and so, it is interesting to analyze this side to understand best the customer of luxury brands' minds.

The best way to define a country's culture is by using Geert Hofstede's cultural indices.

Power distance:

Mexico scored 81, a high result meaning it is a hierarchical society, accepted by its citizens and reflecting inequalities, centralization and in a business there is a leader which gives orders well received by the employees.

Individualism:

Mexico scored 30, meaning it is a collectivistic society resulting in close devotion and commitment to groups such as family, high loyalty overcomes any other rule. This culture is very based on group relationships and the same is seen in the work environment where everyone takes responsibility for the others.

Masculinity:

Mexico scored 69, it is then a masculine society, meaning work is the most important aspect and competition is on the top of every decision which might create conflicts always solved by fighting them.

Uncertainty avoidance:

Mexico scored 82, meaning it is reticent to uncertainty, this reflected in rigid rules and reject unorthodox ideas, people work hard and need to keep busy, are usually very punctual as security is their driver. Innovation is not a strong field.

Long term orientation:

Mexico scored 24, meaning it is a normative culture, they follow traditions, they do not have a futuristic vision and try achieve only quick results.

Indulgence:

Mexico scored 97, this extremely high score means this culture has impulses and desires of enjoying life, have a positive attitude, are optimistic, give importance to pleasure and spend money in a way that will please them.

This country's culture is reflected in the description given, as Mexican spend a lot of money on luxury good for a purpose of self satisfaction, they are hard workers and as they only receive international brands instead of creating their own, their avoidance to uncertainty is well seen. Nevertheless, it is a great mentality for luxury brands which is the reason why this country is the most important one concerning luxury in Latin America.

4.2.2. France

France is a European country, one of the first international powers thanks to the European Union, it has one of the strongest economies with the Euro (€) and it is an important player in the exchanges worldwide. France is the 9th largest economy in the world and 3rd in Europe. Its GDP per capita is 4 times bigger than the Mexican one and its GDP is twice the Mexican one. France is a very touristic and famous destination, mostly because of Paris, the city of love, but now its smaller cities are starting to make noise like Bordeaux, nominated the second destination in 2016 by the NY Times after Mexico.

France is also well-known for its fashion culture, it is the homeland of the most important fashion institutions in the world, like Chanel, Dior, Hermès, Louis Vuitton...

According to the INSEE, the turnover generated by French fashion industry is over 34 billion euros and offers more than 130 000 jobs. According to Deloitte, France is also the country with more shares of the top 100 luxury goods sales, with 23.5%, followed by US with 19.5% and Italy with 17%, and a luxury sales growth of 6,7% in 2014. Finally, it has by far the

largest luxury goods companies size, with 5,2 billion DLRS, almost twice bigger than the second largest.

Country profiles





	 Number of companies	 Average luxury goods size (US\$m)	 FY14 Luxury goods sales growth	 Share of top 100 luxury goods sales
 China/Hong Kong	8	\$2,963	-6.8%	10.7%
 France	10	\$5,209	6.7%	23.5%
 Italy	29	\$1,301	6.9%	17.0%
 Spain	5	\$688	8.2%	1.5%
 Switzerland	11	\$2,972	3.6%	14.7%
 United Kingdom	7	\$958	11.1%	3.0%
 United States	14	\$3,096	0.1%	19.5%
Other countries	16	\$1,391	8.3%	10.0%
Top 100	100	\$2,220	3.6%	100.0%

Figure 5. Deloitte’s country profiles for luxury spending.

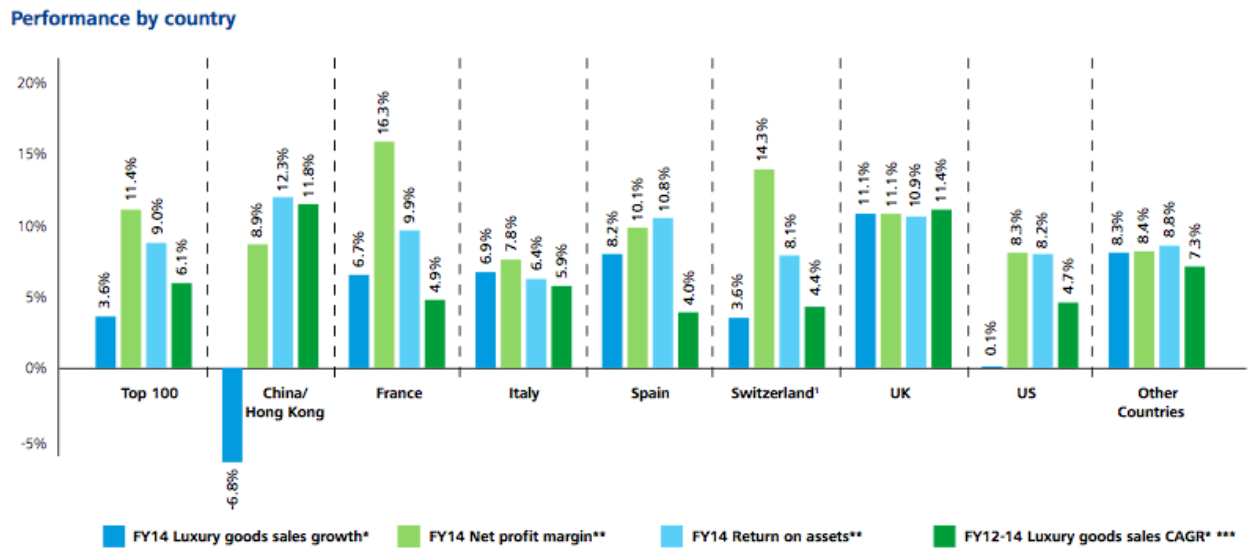


Figure 6. Deloitte’s Performance by country

Also, in 2014, France had the highest net profit margin of sales in luxury goods with 16,3% followed by Switzerland with 14,3%

Regarding the two brands we are analyzing, their level of operation in France is not as similar as for Mexico, because Hermès is a French company and so, most of its stores are in this country.

- **Hermes:** stores in 22 cities of France, 3 in Paris and 31 in the rest of the country. In 2015 France made 684 €m of revenue. 33% of its sales in Europe.
- **Tiffany:** 4 stores in Paris and 1 in Nice. In 2013, Tiffany made around 30 €m of revenue (Tiffany’s Financial statements).

The challenges for France in the luxury business since 2015 have been increasing because of the terrorist attacks, the tourism industry slowed down. This had an important impact on

luxury brands, with their flagship stores in Paris (Hermes, Louis Vuitton...), some stores suffering for a sales down up to 20%. Also, the huge strikes during 2016, due to the change in work laws made Paris a less attractive destination. Taking into account that a huge part of luxury goods sales in France are made by tourist who desire to buy directly from the flagships, mostly Asian tourists, it was harder for these brands to achieve their financials goals. Nevertheless, France is now recovering from these events and tourists are starting to come back. As said before, France is one of the first touristic destinations for its culture, architecture and landscapes and Paris is not anymore the only city foreigners visit, Bordeaux or St Tropez are high standard destinations. Also, local consumption is remaining strong and sustain the growth of the industry.

Concerning sustainability, France is very concerned about this topic, and even more now with its new president Emmanuel Macron who is decided he will help «make the world great again». It is a developed country, with a stable economy and so, the government has been taking sustainable measures for the past years, among many others:

- No more plastic bags in the supermarkets.
- The development of eco-cars and bicycles, and shared transport like Blablacar
- Norms of interdiction for the use of pesticides

About sustainable fashion, French citizens have grown with a more eco-friendly mind, seeking for brands following their vision. So, to adapt to its clients, some fashion luxury brands start to make their strategy more eco-friendly, for example Hermes with the development of green projects like:

- Green craftsmanship
- The respect of natural resources and control energy use
- The control of waste and possible recycling (Petit H)

Regarding the French culture, the Geert Hofstede cultural indices will be used again to describe French mindsets.

Power distance:

France scored 68, it is a society pretty independent in any sense of the term, mostly emotionally, children leave their home early. Power is not only in work or government but also in its geography, Paris is undeniably the leading strength of the country.

Individualism:

France scored 71, it is an individualist society, contrarily as Mexico, children are educated to be independent and not dependent to a certain group. Each person only takes care of themselves.

Masculinity:

France scored 43, we can say it is half feminine as it has an important welfare system, a 35 hours weekly working law and mostly focuses on having a high quality life. Nevertheless, its masculine side is visible on the working class.

Uncertainty avoidance:

France Scored 86, French don't like to be surprised they plan everything this is a reason why they are so good at innovating and developing projects such as nuclear ones. They have a strong need for rules and laws which actually they do not always feel the need to follow.

Long term Orientation:

France scored 63, meaning a pragmatic orientation. They adapt easily traditions to change, are really willing to invest and save and on the contrary as Mexico, take their time to achieve results. It is a more futuristic and modern society.

Indulgence:

France scored 48, meaning they are less relaxed and are less willing to have fun and enjoy life than Mexican. Actually, analyzing happiness indices, France is far from being the highest happy society.

We can see that France is similar to Mexico in some points like the reticence to uncertainty to the high power distance, nevertheless, France has a way more strict and independent culture as Mexico which is more relaxed and based on self satisfaction.

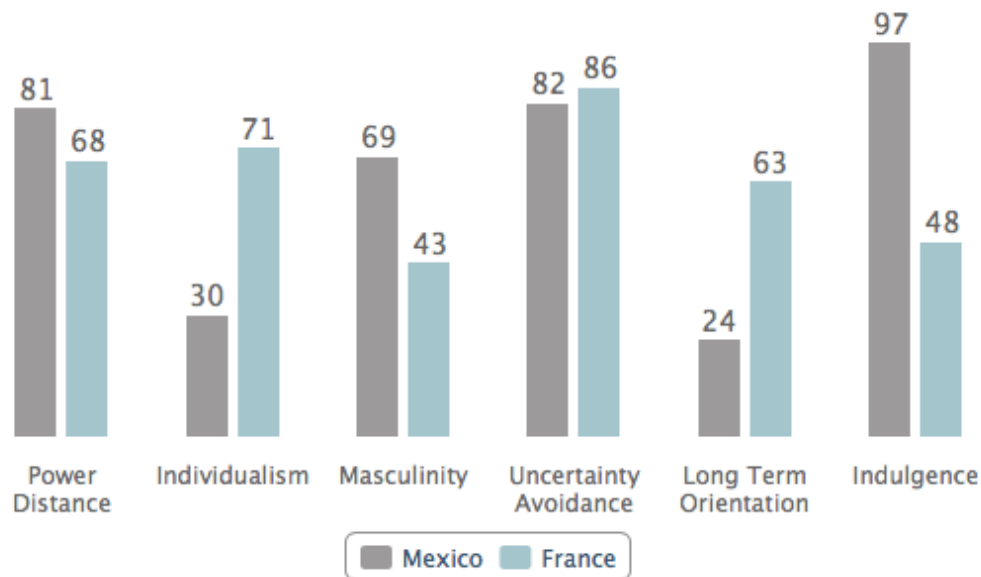


Figure 7. Geert Hofstede cultural indices for Mexico compared to France.

4.3. Analysis

4.3.1 Results of the interviews

After all the elements of the analysis been define, we will see the results of the interviews as well as the demographics, analyzing the different answers according to nationality. Firstly, the employees' interviews made face to face interview, then, the customer's ones made online, with 100 different respondents to finally make an analysis and propose adequate solutions for each brand.

Firstly, we will see the results to the employee's interviews, which were made to made face to face to 3 workers in each of the two brands. In Hermès, the persons interrogated were the CEO of Hermès Mexico, the commercial director and the marketing director. Concerning Tiffany & Co, a store manager and a seller of a store in Mexico and the HR assistant of the brand in Mexico. The questions asked were the same as for the customer's but adapted to an employee. The persons interviewed were only women between 30 and 50 years old as the office of Hermès Mexico is mostly composed of women and the Tiffany & Co stores as well. 2 out of 3 women from Hermès were Mexican and the other one European and the same for Tiffany with 2 Mexican and 1 French.

The first question: what does CSR means to you? Concerning this question, as they are employees and CSR concerns them, the 6 respondents answered perfectly and with inspiration.

The second question: Do you believe it is important for luxury brands to follow a CSR strategy? Once again, all the 6 answered positively, arguing that as luxury is frequently seen as superficial, it is important to have an ethical part to remind the customer it is not just about profit but also about carrying for the social and environmental side.

The third question: Do you believe the brand you work in is ethical and ecological?

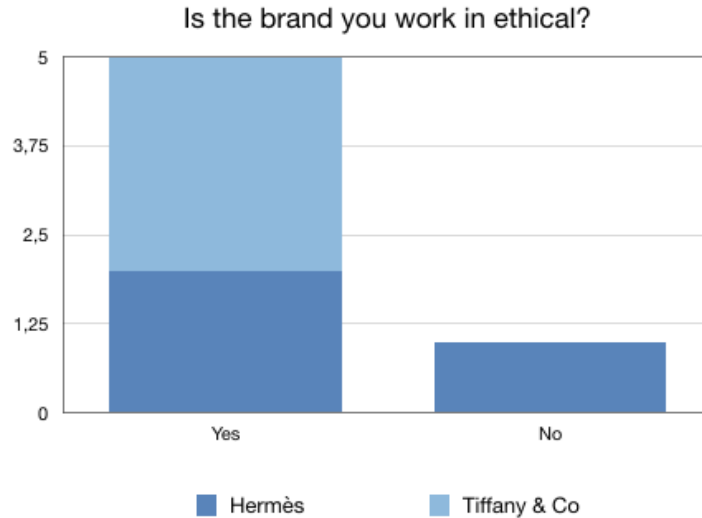


Figure 16. Is the brand you work in ethical?

For Tiffany & Co, the 3 respondents were convinced that the company is making huge efforts to help the environment and if a very ethical brand, concerning Hermès, 2 respondents were convinced of the brand’s ethicality, but one respondent as much as she was saying the positive points of the brand also was aware that the brand is far from being perfect on this aspect and that there is a big need of investment in it.

The fourth question: Can you name one or more CSR strategies used by the brand you work in? For Tiffany & Co, the CSR strategies named were the renovation of old monuments, the protection of maritime life and the prohibition to extract diamonds from mines where there is human abuse.

For Hermès, The Hermès Foundation was named, the help of local communities to get education and the control of provenience of raw materials. Also one of the respondent mentioned Hermès helps the environment but did not explain how.

The fifth question: If you could change anything from these strategies what would it be? From Tiffany, 2 out of 3 employees wouldn’t change anything from its brand’s CSR strategy but the third one believes more money should be invested in more projects to help the environment. For Hermès, it is the same situation, 2 persons believe Hermès’ practices are

perfect and the third one said that the brand should go further than what is legally asked and invest more in innovation for environmental-friendly practices.

The sixth question: Would your decision to work for this brand have been different if it were less ethical? 5 out of 6 respondents believe their decision might change according to the degree of CSR implication but one employee for Tiffany & Co have a different opinion, even if today she is really proud to work for this responsible brand.

The seventh question: Are there more important factors for you than CSR when you choose whether to work or not for a brand?

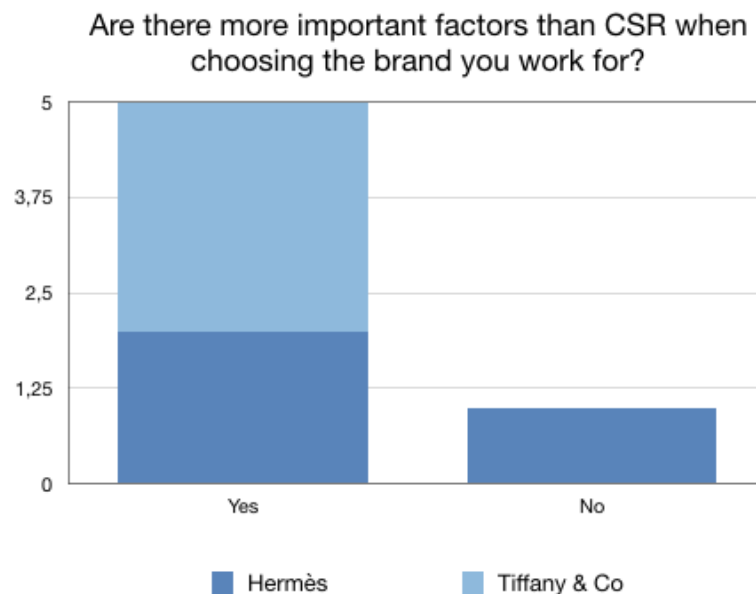


Figure 17. Are there more important factors than CSR when choosing the brand you work for?

The CEO of Hermès believes CSR is the most important factor and she could not work for a brand which do not share the same values as her. The other 5 respondents gave more important factors for them such as long-term security at work, a good working environment, a good salary, having holidays, personal growth and knowledge... Which finally are part of a good CSR strategy and respecting the worker's rights.

The eighth question: Can you name one or more brands you would like to work for because of its CSR strategies? Two persons from Hermès believe there is no better company than it and one thinks that each brand who has the values she believes in and is responsible has a good CSR strategy. Concerning Tiffany, one respondent didn't know, a second one thought Tiffany has the best CSR practices and the last one named the Cartier Foundation which for her is the best one.

It is natural for employee's protect their brand's image and say it has the best Corporate Social Responsibility practices. But it is also interesting to see that some of them had a different opinion and were transparent about their brand's strategies.

Secondly, we will see the results of the customer's interviews. From a hundred persons interviewed, 59% were French, while 41% Mexican. The age of the interviewed persons vary between 20 an 62 years old, with a majority of 43% of persons older than 50 years old. Concerning gender, there is a big majority of women, which can be explained by the fact that fashion is a topic which usually interest more women than men.

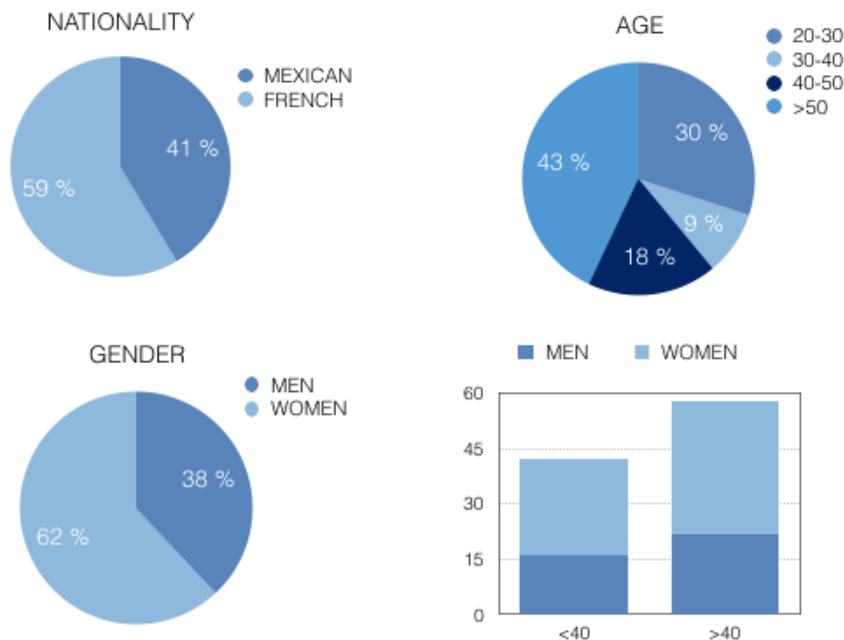


Figure 8. Customers Interview's demographics

Eight different questions very similar to the employee's questionnaire were asked to the 100 customers and many interesting results came out of them.

The first question: what does CSR means to you? Had 100% of positive responses, meaning at least it is a notion people are aware about. Each person gave different answers but all of them going on the right direction.

The second question: Do you believe it is important for luxury brands to follow a CSR strategy?

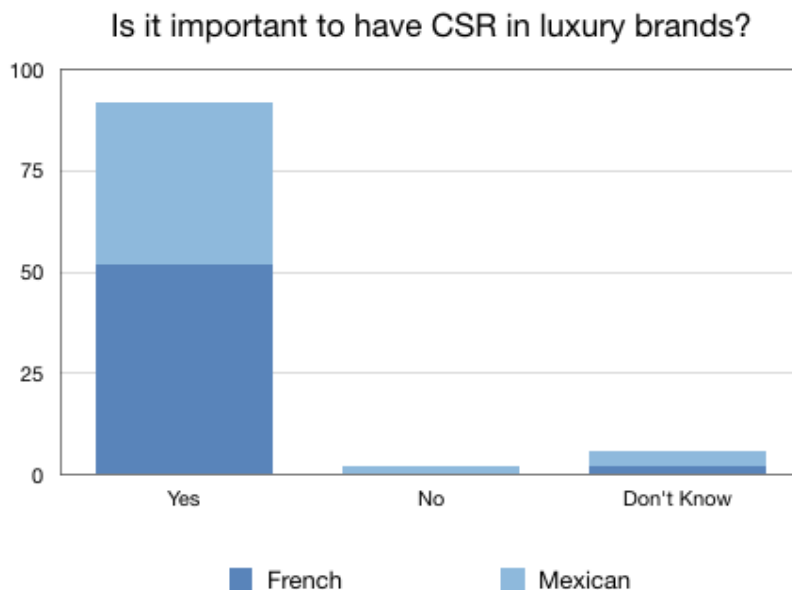


Figure 9. Is it important to have CSR in luxury brands?

The answers were 92% positives, people do believe having a CSR strategy is important for luxury brands, nevertheless 2% do not believe it is relevant and 6% do not have an opinion on the subject.

From the 92% positive answers, 52% were French and 40% were Mexican. The 2% of negative answer were Mexican as well.

The third question: Do you buy or would you buy goods from Hermès or Tiffany & Co?

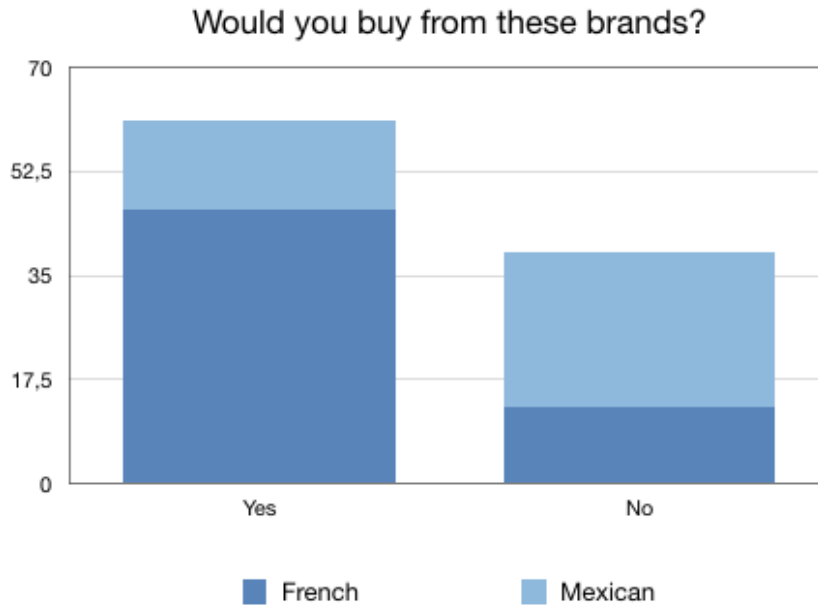


Figure 10. Would you buy from these brands?

From the 100 respondents, 61 said they buy or would buy these products, mostly bags, shoes and silk for Hermès and silver or diamonds for Tiffany. 46 of the 61 interviewed were french and only 15 were Mexican.

From the 39 respondents who do not want to buy these products, 26 were Mexicans and only 13 were french. This result means that French are more willing to buy from these brands than Mexican.

The fourth question: Do you believe those two brands are ethical and ecological? Do think they have the same level of CSR concern?

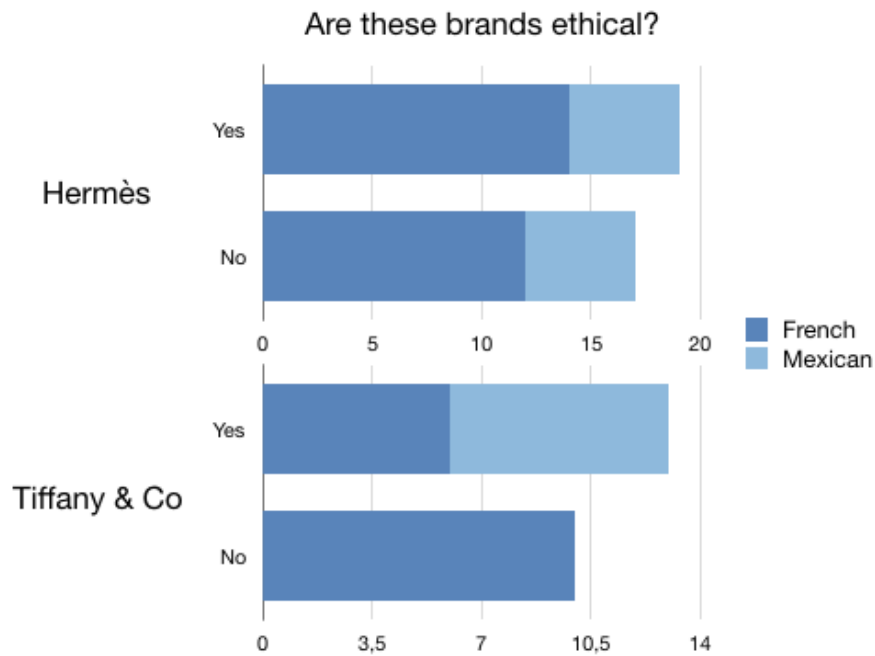


Figure 11. Are these brands ethical?

From this question 45% were not able to answer because of their lack of knowledge concerning these brands CSR strategies, meaning people do not care enough about these issues or the brands do not talk enough about their CSR policies.

Concerning the French respondents 9 consider the two brands have the same level of CSR and 14 believe one is better than the other. From an ecological and ethical perception 14 persons have a positive vision of Hermès while 12 have a bad perception, and for Tiffany & Co, only 6 have a positive vision against 10 for a bad one.

Concerning Mexican respondents, 5 persons consider the brands are not different in a CSR point of view while 11 believe one brand is better than the other. The perception of the Mexicans differ from the French one, with zero respondents thinking badly of Tiffany and 7 talking positively about it, and for Hermès, 5 persons believe it has a good CSR vision and the same amount believe it doesn't.

It is interesting to see that French persons believe Hermès is more ethical than Tiffany & Co while Mexican believe the other way.

The fifth question: Can you name one or more CSR strategies used by these brands?

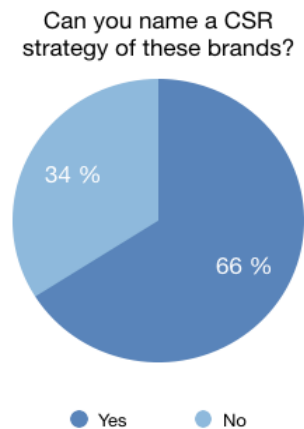


Figure 12. Can you name a CSR strategy of these brands?

Once again, respondents were not aware of the strategies undertaken by these brands and 66% were not able to answer at all. The other 34% gave one strategy and proposed some possible changes, which we will see on the next chapter. 19 of the respondents who were aware of these strategies were French and 15 Mexican.

The sixth question: Would you buy more from these brands if they were more ethical?

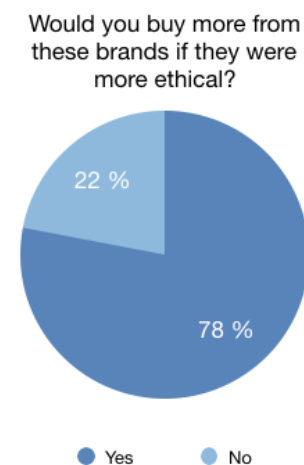


Figure 13. Would you buy more from these brands if they were more ethical?

The answers to this question was rather encouraging as 78% of the respondents would buy more from these brands if they knew they are benefiting the environment and the society. 22% would buy no matter the CSR involvement. The respondents who would buy even if the brand were more or less ethical are mostly Mexican.

The seventh question: Are there more important factors for you than CSR when buying from these brands?

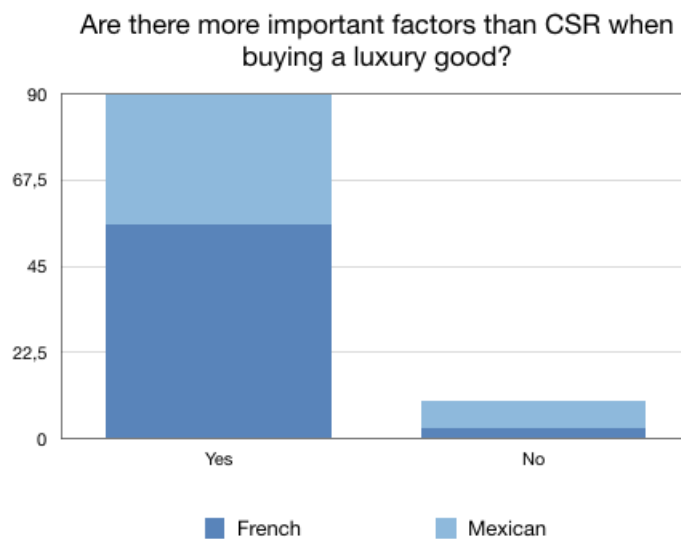


Figure 14. Are there more important factors than CSR when buying a luxury good?

Paradoxically to the last question, even if people would buy more if the brands were more ethical, 90% of the respondent believe there are more important factors when buying a luxury good from Hermès or Tiffany, such as price and quality. Only 10%, from which 7% were Mexican believe ethics are the first factor.

Eighth and last question: Can you name any luxury brand which you believe is ethical and ecological?

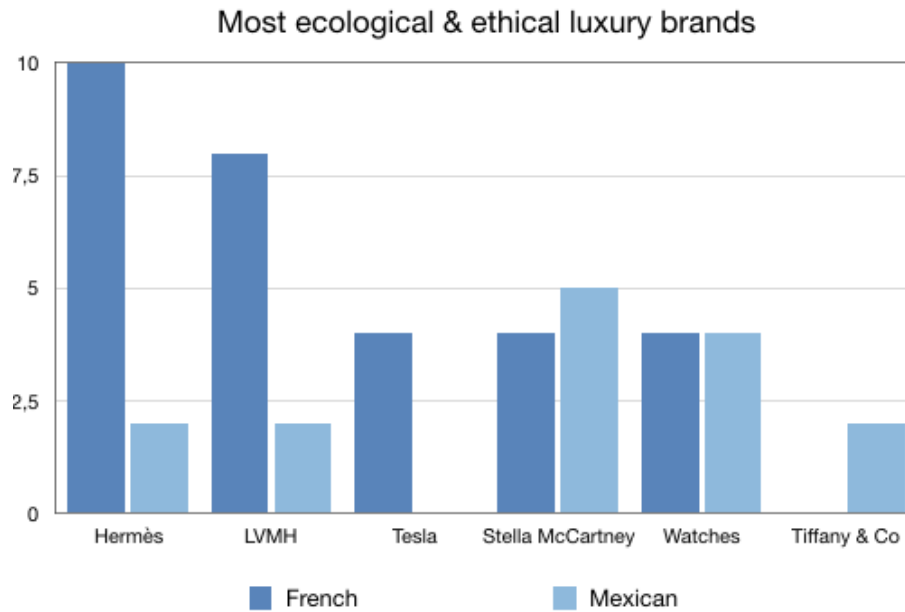


Figure 15. Most ecological & ethical luxury brands?

From French respondents, 20 persons believe there is no possible link between the words CSR and Luxury, and from the the 39 others in chronological order, the most ethical brands are: Hermès (10 answers), LVMH (8), Tesla, Stella McCartney and Watches' brands such as Arnold&son (4), Cartier and Dior (2) and Dom Pérignon, Tiffany & Co, Esther Lauder, Marc Jacobs and Chanel (1).

From Mexican respondents, 26 persons do not know any luxury brand which is ethical or do not believe there are ones. According to the 15 others, Stella McCartney is the most ecological one (5 answers), followed by watches' brands such as Rolex (4), and finally, LVMH, La Mer, Hermès, Tiffany & Co and Apple (2).

It is interesting to notice that Hermès and Tiffany & Co do appear in the list of ecological and ethical brands in some persons' minds, and even as the first one for Hermès according to the French respondents.

These results mostly prove that people are not aware of this side of the luxury brands they buy in and most of them are not really concerned about it. We will analyze deeply this results in the next chapter when talking about the customer's perception of Hermès and Tiffany.

We will now make an analysis of the different answers according to nationalities and brands in order to have an idea of the perceptions of Hermès and Tiffany & Co and name the proposed solutions to each brand.

4.3.2. Employees' perception

In this section, the third and last objective was achieved, by analyzing the answers of the interviews on the workers of Tiffany & Co and Hermès and so, obtaining the perception this employees have on the brands they work in concerning CSR. The employees were a different analysis as for most of them, they protected the reputation of the brand they work in by saying it is the most responsible and no brand is better than it.

For Tiffany & Co, all of the 3 interviewed workers had a strong position toward the responsibility of the brand and were actually proud to work for it. Nevertheless, From Hermès, one respondent had an interesting position towards it. When talking about ethics and ecology, although she said Hermès was doing efforts on this side, she also admitted that it could do better and a lot more investment could be put on these causes. The employee which had been working for Hermès for 4 years was very transparent and was aware of the efforts that have to be done in this company.

When asked about the need for changes in the company, for. each one, one of the three respondents believed the brand could do more with the profits they earn to support more projects and causes. For the others, once again they stated the strategies implied were perfect and could not be improved. Considering the level of ethics, only one employee for Tiffany stated it was not a determinant in her decision to work for a company and that she has more important factors such as salary to think for when she accepts a job. The other ones said they could not work for a non ethical brand that do not have their same values.

Finally, when talking about other brands in a responsible way, 5 of the respondents said there was no better brand than the one they work in, while the last one, from Tiffany again named Cartier, even if she believes Tiffany & Co does a great job.

From all of these answers, what is interesting to notice is that once an employee work for a brand, if he/she is committed to it, the values of the company becomes theirs and they protect their brand's name. It is sad to see that only one person was able to be transparent and say what she really believe and kept her idea of improvement. Companies frequently make their employees sign a confidentiality contract to make sure the bad decisions they take will stay inside the company, and this is the reason why no changes have been made. As said earlier, CSR have become a marketing strategy and brands such as Hermès prefer to keep their reputation instead of helping and make a real change. Concerning Tiffany & Co, as it is a responsible company, the answers by its employees might be honest, nevertheless, there is always room for improvement and no brand is ever perfect.

4.3.3. Customer's perception

The second objective was achieved in this section, thanks to the analysis of the 100 interviews made to customers according do their nationality and to each brand. With this we were able to see what customers think of luxury brands and CSR in general but also what they expect from Hermès and Tiffany & Co in the future concerning Corporate Social Responsibility.

These interviews were made in an aleatory manner, persons from every age and gender answered and it is interesting to see their point of view concerning these brands, but mostly according to the country they come from.

Firstly, it is important to recall that Mexico and France have very different cultures, that France is more focused on work, independence, savings and long term vision and Mexico is more group related, and self satisfaction based, spending their money in what makes them happy instead of saving. What is interesting to notice here is that in the results of the interviews, when asked if they buy or would buy from these brands almost half of the Mexican respondents said they do not buy while 46 of 59 French said they do buy from these brands. It is interesting to see the contradictions in people's cultures and acts. We can argue that because Hermès is a traditional French brand, French people are proud to say they buy from it, while Mexican might prefer to buy from other ones. Indeed, on explication of this

phenomenon could be that Mexican have a proven reputation of luxury buyers to affirm their social position, Hermès is not the first brand they buy of because of the discretion of its goods, if they are going to spend money on luxury goods, they want everyone to know they do and so, only buy from brands which have a logo on all of its products, such as Louis Vuitton bags or Gucci shoes.

Another interesting fact from this analysis is that almost half of the respondents did not have an opinion on whether these brands are responsible and 58% were not able to name one CSR strategy they use. Here we can see a first opportunity for these brands to satisfy its customers. Brands should either take actions that have more results and are more visible by the outside environment or make more communication about it. As said before, a limit to this strategies is that people from our society are just starting to worry about environmental and social issues and so they are not yet sufficiently interested to inform themselves.

Also, when asked about the ethical aspect of Hermès and Tiffany & Co, it is curious to notice that French people believe Hermès is better than Tiffany in this aspect while for Mexicans it is the other way around, indeed not even one Mexican person voted for Tiffany as a non-responsible one. As we analyzed earlier, Tiffany is considered by every green foundation and sustainability indices as very active on the sustainability side, while Hermès is rather criticized for its practices. We could conclude that French customers are blinded by the traditional and artisanal side of Hermès and because of it, believe it is a responsible company. Actually it is interesting to remark that when typing « Hermès green » in Google, all the colored green products of the brand appear and nothing else while when typing « Tiffany green », lots of articles about their positive actions to the environment appear.

A paradoxical point found out, was that almost 80% of the total respondents assured they would buy more from these brands if they were more ecological or less if they found out they were having unethical practices. Nevertheless, when asking if there were more important factors than CSR when buying these kind of products for them, 90% answered that price and quality were more important. People usually answer they are concerned about ecology and ethics to not be judged by others but thanks to this answer, we can conclude that it is not true and the money they spend is more important to them than how the product is made.

Finally, the last question about ecological brands was rather interesting as almost half of French people answered that no luxury company could ever be responsible and the brand that was most quoted was Hermès. The next brands named were mostly French brands as LVMH, Dior, Chanel or Cartier. We can conclude that French people are pretty nationalist and only quote French brands, which are probably the only ones they hear about. This could also be the fault of local journalist who only argue about French brands and so international companies' strategies are unknown in that country. Concerning Mexicans, 26 over 41 respondents did not know which brand were responsible or did not believe there are one. For the brands they voted for, the first one by far was Stella McCartney, which is indeed considered as a responsible brand in many aspects, followed by Apple, Tiffany ... It is funny to notice that Mexican persons which, as seen earlier, live in a country that is not very turned to sustainability and sustainable fashion are actually more aware of the responsible aspect of the brands. France, being a developed and strong economy using strong sustainability practices is not as well informed about these issues as it should be.

4.3.4. Summary

After analyzing the results of the interviews with employees and with customers, many interesting results came out.

Firstly, Concerning the employees, the answers were less rich as employees protect their brand's reputation or simply signed a confidentiality agreement. From the few answered obtained only one person from each brand was honest. For Hermès, the respondent admitted that the brand is not completely responsible and could make some great improvements and for Tiffany & Co, the employee believed that even if the brand makes a lot of efforts, it could always do more. From this we can only conclude that it is very hard for an external actor to really know what happens in a brand, and so, it is the first aspect on which luxury companies should work, be more transparent.

Then, concerning the users and non-users, it is interesting to see that the French people are more willing to buy from these luxury brands than Mexican, probably because of the fact that these are not the kind of brands Mexican like to buy from, they prefer less discrete ones, like

Louis Vuitton or Gucci. Also, a second discovery was that more than half of the respondents had no opinion about CSR on these brands or simply didn't know and when talking about the practices they apply in CSR, even less respondents could answer. We can conclude that the bigger issue is that whether brands do not communicate enough about their practices or the external persons do not have enough interest in it to inform themselves. Another conclusion that came out was the fact that French people are very nationalist and because Hermès is a French brand they are convinced that they have the best practices and then do not get more information about this topic. It was also interesting to see that people say they would buy more from the brands if they were more responsible while when asking what is the most important factor for them when buying a luxury product, none of them answered for the sustainable side. This means that these persons say they care about the responsible part of the companies just to avoid criticism from society but deep inside it is not a buying determinant for them. Finally, when asked to name sustainable brands, French respondents said mostly French ones while Mexican who are normally less concerned about ecological and ethical issues were on the right by naming Stella McCartney and Tiffany & Co.

Finally, many of the respondents proposed possible solutions for the brands to improve their CSR practices, in this part we will see all the possible changes that could be made in order to satisfy their clients, employees and investors.

Concerning Tiffany, the more important actions to undertake according to customers are:

For the Mexican population:

- Protect its employees and avoid abuse of human rights in the mines

For the French Population:

- As it is a feminine brand, the brand should support foundations as the breast cancer one.
- Do not use paper in the office
- Support charity and health causes

- Acquire responsibly its raw materials
- Put more efforts in recycling

Concerning Hermès:

For the Mexican population:

- Start products ranges with artificial leather or transform the animal leather in vegetal one
- Be more transparent about the provenance of its raw materials
- Make integration activities so the employees are more comfortable in the brand
- Make the human side more important than the benefits of the sales

For the French population:

- Provide support to animal shelters
- Stop selling exotic skins and stealing the crocodile's eggs
- Acquire responsibly its raw materials
- Support foundations for animal extinction
- Develop a department only dedicated to ecology and ethics
- Plant trees
- Do not produce abroad to avoid high costs of production and pollute more by traveling to visit the facilities
- Have only certified partners to have an absolute control over the supply chain

To conclude, we can notice that the Mexican population is more interested by the human and animal protection and respect in these brands, they care more for the respect of human rights

and avoiding torturing living beings. Concerning the French population, they are more interested in having the brands participating in organizations or supporting foundations like animal testing ones or Brest cancer, they wish for the brands to use their money for good causes. Also, French population is much more interested in sustainable solutions and ecological processes, like recycling.

Most of the solutions given are about raw materials and supply chain, meaning it is where brands should start their CSR process, by knowing perfectly what happens in their production from A to Z and to be completely transparent about it. Customers expect to know where the bag or the diamond they just bought came from and if it was made in a responsible way. A good start for it would be for Hermès to stop buying exotic skins and certainly stop buying them from producers which torture animals.

Secondly, the recycling and protection of the environment. It is important for the brand to avoid using polluting materials like paper or toxic gas. Also, brands could give back to the planet what have been damaged, like planting trees, which is a practice. Tiffany & Co is already using. Actually, most of the solutions given are already used in these brands or are in their development process.

Finally, the human side is also present. People expect employees are well treated, there is no abuse of human rights like child labor or illegal work in the mines. They also ask for this billionaire brands to use their financial resources to help causes like charity or health ones, like supporting the Breast Cancer cause.

5. Conclusion

We are heading to a new era, an era of conscientiousness to which each and every brand will have to adapt. The future is all about Corporate Social Responsibility and the protection of the environment, to which newest generation are more and more devoted.

The aim of this thesis was to see the impact a good or bad CSR strategy can have on luxury brands to then analyze what do customers and employers expect from a luxury brand on a CSR basis and which improvements could the brands do.

The analysis was made around the examples of two brands, Tiffany & Co and Hermès and the perception of it from two different countries, Mexico and France. These two brands have different CSR strategies, Tiffany & Co is very responsible in every way, while Hermès uses more CSR as a marketing strategy. This does not mean that Hermès doesn't make any effort, nevertheless, it could do much more to help the planet and its inhabitants with the profits it earns. Then, the two countries were chosen for their different culture, one is more independent and modern while the other is more based on living life and enjoying it. Nevertheless, they are both huge actors of the luxury sector.

5.1. Summary of findings

This study has achieved the objectives wanted in different ways.

- Concerning the first one, the impact of CSR in the luxury business, all the existing literature and articles gave a good overview of what the brands can expect if they do not change their processes into more responsible ones, for example, losing one by one their customers as they won't approve anymore its practices and then losing sales and power in the market. But customers are not the only actors who might go away, investors won't want to be part of the business anymore as well as the employees, who will go to firms who offer a better treatment. Also, it was interesting to see what measures some brands have started to take and the results they obtained from it, as we saw with Stella McCartney and its non-skin policy.

On the contrary, following a good CSR strategy will increase the brands competitiveness and reputation as the newest generations are attracted to responsible brands. This increase means then, more sales, loyal customers, qualified manpower and investors.

- Concerning the second objective, about the perception of the employees in luxury brands about CSR, it was obtained by interviewing three workers from Hermès and another three from Tiffany & Co, about the conditions they work in and their opinion about it. These results were the less conclusive as employees did not gave many information about their brands but it brought to different conclusions, like the fact that luxury brands hide perfectly their back door processes and make sure their employees will keep it that way. Nevertheless, thanks to one interview in particular, we can notice that, at least for Hermès, many improvements can still be made, like investing more in innovation for environmental-friendly practices.
- Then, concerning the last objective, about the perception of customers of CSR in the luxury sector and how to improve it, an online interview was made to 100 different persons from France and Mexico, in order to differentiate the opinion between these two cultures. The objective of getting the perception of the users and non-users of luxury good was achieved, as the results obtained were satisfying and in line with the research made for the items of the cases. The most relevant results were the fact that more than half of the interviewed persons were not aware about these brands CSR practices or if they even had one and some answers were even that they were not interested by this topic. Also, for customers, the fact that when buying a luxury product, CSR is far from being their first concern and they buy according to the price and quality but when asked if they would buy from these brands if it were more ethic, the answer is completely paradoxical and 90% answered they would. Another interesting result between Mexican and French was that even if Mexican are supposedly less turned to ecology, they were more aware of the brand's strategies than French who just defended the brands from France and do not try to inform themselves about international ones.
- Finally, the interviewees gave interesting answers concerning the solutions they would give for the brands to be more responsible and the most important ones were to be more

transparent as for the supply chain and the provenance of raw materials, be more ecologic and be more respectful of human rights. But mostly it is surprising to see that the Mexican population is more interested in improvements from these brands concerning human rights and animal respect while French persons are more interested in seeing the brands involved in social charities and organizations and innovation and recycling. These recommendations may help then the luxury brands from these two countries to adopt strategies which will satisfy their customers accordingly.

5.2. Contribution of the current study

This case study is relevant and brings a contribution in many different ways.

Firstly, as it is a case study, it does not only focus on the theoretical part about CSR and luxury but also provides information about two very important brands of the sector, Hermès and Tiffany & Co, about their sustainable practices but also about the wrongs and damages that come along with each one. This information was mostly obtained from inside the companies thanks to personal contacts and direct research on the brands' sustainability reports.

Secondly, in this research, two completely different cultures were compared, one from a mature market, France and one from an emerging one, Mexico. These two populations have very different priorities concerning CSR and the way or running a business, but also think differently when talking about ecology and ethics. These results were found thanks to the interviews made on 100 different persons from each of the two countries, making possible customized solutions for the brands in each one. Also, the interviews were made to both men and women and from different generations, from 20 to 60 years old which brings many different perspectives and opinions on how the brands should proceed to satisfy its market.

Finally, it is important when making this kind of research to see the point of view of the different actors in a business, and not only about customers, as vision can differ from one being to another according to their position towards the brands, if they are customers, non-users, investors or employees. In this study we interviewed then not only customers but also

non-users and employees from these two brands, discovering thanks to similar questionnaires the different beliefs from each actor.

We can then say that this research brings deeper information and analysis on the market, from different populations, which allows more targeted proposals for the brands to improve in the luxury business and also to make sure they satisfy their clients, employees or investors but also may attract new ones thanks to suitable strategies and practices.

5.3. Limitations and Future research

This case study was made thanks to an interview online and answered by 100 persons anonymously. Because of this, we can find some limitations to this study. Firstly people can answer several times to the interview which makes it less reliable. Also, as it was sent only to persons in the same social circle, people usually have the same opinion because they are surrounded by the same kind of persons.

As well, as it is a very closed sector in which brands do not communicate much about its practices, it is hard to really know what happens in the back door of the process. We are aware of the positive sides of each brand but it is impossible to find information about the negative ones. Concerning the interviews of employees, the answers are biased because when starting to work in a company, they make the new employees sign a confidentiality contract and so are not able to answer correctly the questions as they are not allowed to. Also, usually when an employee work in a brand is because he/she believes in it and its values and so, they will always talk in a positive manner when discussing the brand, so the answers of the employees interview are usually not very helpful.

Finally, as we are talking about ethics and ecology, and it is a topic each day seen as more important, when people are asked about it they usually answer positively even if it is not their true opinion. Nowadays, people who do not care about the social and ecological side of the planet are really badly seen and criticized, this is why the answers might not always be honest when talking about this topic.

For future research, it could be interesting to interview persons from different social circles in order to get different opinions, like the ones of the highest society class and see if they are affected by CSR issues or not. Also, as China is the first luxury buyer in the world and also one of the most polluted countries in the world and first destination for production, it could be interesting to add to the analysis the perception of Chinese customers and employees.

Then, as we have the perception of customers, non-users and employees, it could be relevant to interview persons from green foundations and organizations such as PETA, Green Peace or WWF and have their point of view on what luxury brands actually do for the planet and how big is the damage they cause.

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Appendix

Appendix 1: Customer's questionnaires in French.

L'impact des stratégies RSE dans le secteur du luxe

1. Âge? Sexe?

2. Nationalité?
 Mexicaine
 Française
Autre

3. Que représente pour toi la Responsabilité Sociale des Entreprises (RSE)?

4. Considères tu important pour les marques de luxe de suivre une stratégie tournée vers la RSE ? Pourquoi?

5. Achètes tu ou achèterais-tu des produits Hermès ou Tiffany&Co?
 Oui
 Non
Quel genre de produits?

6. En parlant d'écologie et d'éthique, comment placerais-tu ces deux marques? Les considères tu différentes suivant ces aspects?

7. Peux tu citer certaines pratiques socialement ou écologiquement responsables pour chacune de ces marques?
Suivant ces aspects, si tu pouvais changer quoi que ce soit pour ces marques, que changerais-tu?

8. Si ces marques étaient plus (ou moins) éthiques, ta décision d'achat de ces produits changerait-elle?
(Par exemple: de faibles conditions de travail ou à l'inverse, qu'une partie de l'argent soit destinée à des associations)
 Oui
 Non
Commentaires

9. Considères tu certains facteurs plus importants au moment d'acheter un produit de luxe? (prix, qualité...)
 Oui
 Non
Lesquels?

10. Si tu penses aux mots écologie et éthique, quelles marques de luxe te viennent en tête?

Fin!

Appendix 2: Employee's questionnaires in Spanish.

El impacto de la Responsabilidad Social Empresarial en el mundo del lujo

Entrevista

Edad:
Sexo:
Nacionalidad:
Posición en la empresa:
Años trabajando con la empresa:

Pregunta I.
Que significa para usted la Responsabilidad Social Empresarial (RSE)?

Pregunta II.
Cree usted que es importante seguir estrategias enfocadas en la RSE en el sector del lujo, mas que en otros sectores? Porque?

Pregunta III.
Pensando en ecología y ética, como considera usted que la empresa en la que trabaja esta implicada en estos aspectos?

Pregunta IV.
Puede usted describir algunas prácticas de RSE y ecología que su empresa pone en obra?









































Pregunta V.
Si pudiera cambiar algo en lo que concierne esos aspectos de su empresa, que cambiaría?

Pregunta VI.
Si la empresa en la que usted trabaja fuera mas (o menos) ética, hubiera cambiado su decisión de trabajar para ella o no?

Pregunta VII.
Considera que hay factores mas importantes para usted cuando escoge un nuevo trabajo? Si si, cuales?

Pregunta VIII.
Puede usted citar una o más empresas en las cuales le gustaría trabajar por sus prácticas éticas o su interés en la protección del medio ambiente?

Appendix 3: Table of world's most sustainable companies.

01  +43% 170,276 \$m	02  +12% 120,314 \$m	03  -4% 78,423 \$m	04  +11% 67,670 \$m	05  -10% 65,095 \$m	06  +16% 48,048 \$m	07  0% 45,297 \$m	08  -7% 42,267 \$m
09  -6% 39,809 \$m	10  +29% 37,948 \$m	11  +9% 37,212 \$m	12  +7% 36,711 \$m	13  +13% 36,514 \$m	14  +4% 35,415 \$m	15  -3% 29,854 \$m	16  +5% 27,283 \$m
17  +16% 23,070 \$m	18  -3% 23,056 \$m	19  +16% 22,975 \$m	20  -1% 22,250 \$m	21  +5% 22,222 \$m	22  -3% 22,218 \$m	23  +54% 22,029 \$m	24  +3% 19,622 \$m
25  -3% 18,022 \$m	26  +8% 18,768 \$m	27  +4% 16,541 \$m	28  +8% 15,267 \$m	29  +2% 14,723 \$m	30  +16% 14,031 \$m	31  +7% 13,043 \$m	32  -3% 13,040 \$m
33  +10% 13,749 \$m	34  -6% 12,037 \$m	35  -9% 12,545 \$m	36  +7% 12,257 \$m	37  -11% 11,650 \$m	38  +6% 11,578 \$m	39  +8% 11,293 \$m	40  -4% 11,278 \$m

Appendix 4: List of most important luxury cities

Fashion	Spirits	Beauty
Paris	New York	Hong Kong
Tokyo	Los Angeles	Tokyo
Milan	Chicago	London
London	Washington, DC	New York
New York	Houston	Moscow
Moscow	Dallas	Shanghai
Osaka	London	Beijing
Los Angeles	Mexico City	Paris
Rome	Shanghai	Los Angeles
Seoul	Beijing	Taipei
Singapore	Moscow	Singapore
Dallas	Philadelphia	Osaka
Chicago	San Francisco	Seoul
Madrid	Miami	Chicago
Nagoya, Japan	Boston	Shenzhen
Miami	Atlanta	Madrid
Sydney	Seattle	Dallas
Mexico City	Phoenix	Milan
Washington, DC	Tokyo	Dubai
Saint Petersburg	San Diego	Rhein-Ruhr, Germany

According to McKinsey, in 2025, these will be the biggest luxury capitals in the world.