



**Eximia Journal**  
**(ISSN 2784-0735)**

**Vol. 9**

**2023**

## The Impact of the Rising of LVMH

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**Abstract.** Long linked with exclusivity, glamor, and distinction, luxury has recently undergone a paradigm shift because of the success of LVMH. In addition to dominating its sector, this conglomerate of luxury goods has had a significant influence on society and culture. LVMH has a significant impact on a variety of topics, including globalization, the environment, and the world of fashion. We will examine the different ways that LVMH has influenced society and culture in this dissertation, concentrating on two important strands: cultural influence and globalization. Through an examination of LVMH's association with high culture, its collaborations with artists and celebrities, and its role in preserving cultural heritage, we will consider the company's impact on culture. We will also explore LVMH's expansion into various regions, its contribution to the globalization of culture, and the controversies it has faced, including cultural appropriation and poor labor practices. By examining LVMH's impact and influence, we hope to shed light on the complex and multifaceted role of luxury goods in society today.

**Keywords.** LVMH, luxury industry, society, culture, employment, fashion, design, environment, globalization, cultural influence, cultural appropriation, labor practices

### 1. Introduction

Luxury and glamor, elegance and sophistication - all these are synonymous with LVMH, the world's leading luxury conglomerate. The corporation has permanently altered the cultural, economic, and social landscapes of the world as it continues to dominate the global luxury market. But what is LVMH's real social impact, and how has the luxury market changed as a result of its ascent to dominance? This dissertation addresses these inquiries, delving into the intricate and enthralling world of LVMH.

LVMH (Moët Hennessy Louis Vuitton) is a multinational conglomerate that is one of the largest luxury goods companies in the world. The company was created in 1987 as a result of the union of champagne and cognac producer Mot Hennessy with fashion house Louis Vuitton. Since then, the business has experienced rapid growth and portfolio expansion to encompass a large number of premium brands from a variety of industries, including fashion, jewelry, watches, perfumes, and cosmetics. With more than 75 iconic brands, LVMH dominates the luxury market and significantly influences culture and society. In this dissertation, we will examine how the rise of the LVMH firm has affected society.

*1.1.1. LVMH and the luxury industry.* The global economy depends heavily on the luxury sector, which has expanded quickly in recent years. According to a report by Research and Markets, the global luxury market was estimated at \$242.8 Billion in the year 2022 and is projected to reach a revised size of \$369.8 Billion by 2030, growing at a CAGR of 5.4% over the analysis period 2022-2030. (Research and Markets). LVMH, with its portfolio of luxury brands setting the standard for elegance, sophistication, and opulence, is a major player in this industry. With iconic names such as Louis Vuitton, Dior, and Fendi under its umbrella, LVMH has a dominant market position in the luxury goods industry and commands a significant share of the industry's revenue. As recorded, the company had recorded revenue of “€79.2 billion in 2022 and profit from recurring operations €21.1 billion, both up 23%” (LVMH). As a result, for anyone wishing to acquire insights into this intriguing and complicated world, it is imperative to comprehend the impact of LVMH on the luxury business and the larger economy.

## **2. Impact on employment**

The expansion of LVMH as a luxury goods conglomerate has resulted in a large rise in employment opportunities, both within the firm and in other industries that support the creation and sale of luxury goods. The company's workforce of over 150,000 people is spread across the world, with its subsidiaries and brands providing employment to many more. 39,000 young people were recruited by LVMH worldwide in 2022 (LVMH). The employment possibilities generated by LVMH have a rippling effect on the economy, as they help to generate income and support other industries that are tied to the luxury goods sector.

The company's fair and transparent employment practices are widely recognized and contribute to its positive reputation. LVMH provides its employees with various benefits, such as health insurance, retirement plans, and career development opportunities, which help to create a positive work environment and contribute to employee satisfaction (Comparably). In addition, LVMH is known to invest in the development of its employees' skills and knowledge, investing nearly 215 million euros in training its employees and offering education programs to help them progress in their careers (LVMH).

LVMH's contribution to employment has a positive impact on society. The creation of new jobs helps to lower unemployment rates and gives people a way to support their families as well as themselves. The business's employment policies also serve as a model for other companies, inspiring them to implement ethical and open procedures that benefit both employees and society at large.

Furthermore, LVMH's contribution to employment extends beyond its own workforce. The company's expansion and success have sparked the creation of several industries, including fashion and manufacturing, which also offer jobs to people all around the world. The increasing demand for luxury products, which in turn promotes economic growth and development, benefits these businesses.

## **3. Influence on fashion and design**

LVMH's impact on the fashion industry cannot be overstated. One of the most known and sought-after fashion brands in the world is Louis Vuitton, which is among the company's portfolio of luxury brands along with Dior, Fendi, and others. LVMH's designs are known for their elegance, sophistication, and luxury, and are often considered the pinnacle of fashion and design.

It is obvious that the firm has an impact on fashion trends. With its highly anticipated catwalk shows showcasing the most recent fashion creations, LVMH is renowned for setting the trend for subsequent fashion seasons. Celebrities frequently sport LVMH fashion labels,

and their appearances in fashion publications further demonstrate the brands' influence on mainstream fashion.

The social impact of LVMH's influence on fashion is enormous. The company's high-end fashion brands have established the bar, and other designers and fashion houses frequently copy their looks. As a result, premium clothes have become more widely available, democratizing the industry. Consumer behavior has changed as a result, with consumers now prioritizing quality and luxury over price. As a result, designers and fashion houses are trying to establish the following renowned luxury brands, making the fashion market more competitive.

LVMH's influence on fashion has also had a positive impact on the environment. The business has been at the forefront of encouraging ethical and sustainable fashion practices, such as promoting eco-friendly materials and minimizing waste. In addition to having a positive effect on the environment, LVMH's dedication to sustainability has served as a role model for other fashion companies.

#### **4. Impact on the environment**

One of LVMH's defining traits is its dedication to sustainability. The organization has undertaken a number of steps to lessen its environmental effect since it understands how important it is to do so. Lowering waste, supporting sustainable procurement, and lowering greenhouse gas emissions are all part of the company's sustainability plan. By utilizing sustainable technology and renewable energy sources, LVMH has also taken action to lessen its carbon footprint.

The goal of LVMH is to lessen greenhouse gas emissions, which is one of its main environmental projects. The company has set a target to reduce its greenhouse gas emissions by 55% per unit of value added by 2030, and its emissions linked to energy consumption by 50% by 2026 (LVMH). The company has made significant progress toward achieving this goal, investing in renewable energy sources, such as solar panels and wind turbines, to reduce its reliance on fossil fuels. The company has also implemented energy-saving measures, such as improving building insulation and using LED lighting.

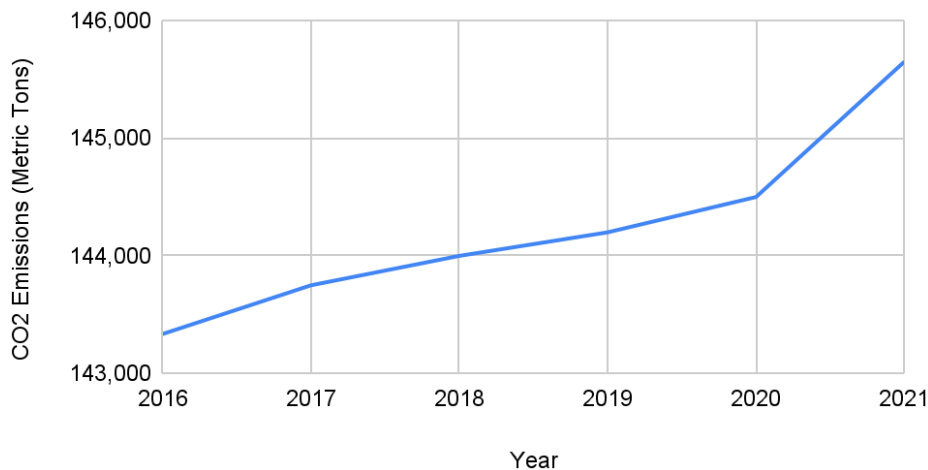
LVMH is also committed to reducing waste and promoting circularity. The company has implemented several initiatives to reduce waste in its operations, such as using reusable packaging and recycling materials. LVMH is also investing in sustainable technologies, such as biodegradable materials and 3D printing, to reduce waste and promote circularity in its products (Nichol). LVMH is dedicated to encouraging sustainable sourcing methods in addition to lessening its environmental effect. The business has put in place a program to encourage ethical sourcing of raw materials including leather and precious metals. In order to ensure that its suppliers adhere to high moral and environmental standards, LVMH also works closely with them.

The dedication of LVMH to sustainability benefits the environment and encourages sustainable practices in the luxury sector. LVMH is a role model for other luxury firms by supporting ethical sourcing and investing in sustainable technologies. The dedication of LVMH to sustainability also aids in supplying the rising customer demand for eco-friendly goods.

Nevertheless, LVMH has had unfavorable environmental effects, just like any other corporation, despite its sustainable business practices. The company's dedication to sustainability is admirable, but it's crucial to recognize that the luxury sector has a large environmental impact. Luxury products take a significant amount of energy and resources to produce and distribute, which could have a negative impact on the environment.

The carbon footprint of LVMH's operations is one of the biggest drawbacks. The business's transportation, retail, and manufacturing activities all produce greenhouse gas emissions that fuel climate change. LVMH has made steps to lessen its carbon impact, but it still emits a lot of greenhouse gasses. For instance, according to Statista, between 2016 and 2021, CO<sub>2</sub> emissions of the fashion and leather goods branch of LVMH went from 143,336 to 145,650 metric tons of CO<sub>2</sub> equivalent (Statista).

### Increase in LVMH's Carbon Dioxide Emissions



LVMH's operations also contribute to other types of environmental deterioration, such as water pollution, deforestation, and trash generation, in addition to greenhouse gas emissions. Luxury items are frequently made with chemicals and dyes, which can harm aquatic life and contaminate waterways. Due to the need to use natural resources like forests to produce leather and other materials, the company's operations also contribute to deforestation. Finally, there are detrimental effects on the environment from the disposal of garbage and packaging from luxury items.

Moreover, LVMH has been under fire for continuing to employ exotic animal skins in their products, including crocodile, snake, and ostrich leather. Although LVMH has made efforts to encourage eco-friendly supply chain methods, the usage of exotic animal skins is still a contentious topic. The sourcing of these materials can have an adverse effect on the environment, and the fabrication of exotic animal skins frequently entails animal cruelty.

Additionally, the use of exotic animal skins contributes to the poaching of endangered species, which threatens the survival of these species (Munro). One of the main factors contributing to species extinction is poaching, which is made worse by the desire for exotic animal skins in the high-end fashion sector. Despite LVMH's pledge to purchase exotic skins from moral and environmentally conscious vendors, the company's ongoing usage of these materials increases the market for them and feeds the vicious cycle of abuse and endangerment of animals.

In conclusion, LVMH's environmentally friendly business practices are admirable, but the influence of the luxury market on the environment cannot be disregarded. Luxury goods' manufacturing and distribution have a negative influence on the environment, and LVMH is no exception. The business must make measures to lessen its environmental footprint and alleviate the damaging effects of its activities in addition to its commitment to sustainability.

## **5. Influence on culture**

The impact of LVMH on culture is substantial. The company's premium brands are known for their high culture and elegance, and people frequently use them as status and wealth symbols. The premium brands owned by LVMH are well-known and frequently appear in media like television programs, music videos, and movies. Collaborations between the business and famous people, designers, and artists have also increased its cultural influence.

The way in which LVMH's brands are regarded and used as a commodity provides evidence of its cultural impact. The company's luxury brands are linked to opulent lifestyles and aspirational ideals, and people frequently utilize them to display their status and identity. As a result, a luxury culture has emerged, where people strive to buy and use expensive items to demonstrate their individuality and social standing.

The cultural impact of LVMH extends beyond the luxury sector. The business has additionally participated in the promotion and protection of cultural heritage. The company's foundation, the Fondation Louis Vuitton, is dedicated to promoting contemporary art and culture, and it has hosted exhibitions and events that have contributed to the promotion and preservation of art and culture. The company has also been involved in the restoration of historical monuments, such as the Samaritaine building in Paris, which is now a flagship store for the company's brands (Fondation Louis Vuitton).

## **6. Influence on globalization**

LVMH's success has undoubtedly aided in the luxury sector's globalization. The company's diversification into areas like Asia and the Middle East has aided in the development of these nations' luxury industries. Due to the company's widespread consumption and admiration of its luxury products, globalization of culture has also benefited from the company's presence. The company's luxury brands are frequently linked to high culture and luxury, and they have come to represent prestige and money.

LVMH's globalization has had both positive and negative consequences. On the positive side, the company's expansion has created new opportunities for growth in the luxury industry. Due to the company's expansion into new areas, there are now more people working in a variety of industries, including manufacturing, retail, and the fashion industry. LVMH's global presence has also contributed to the globalization of culture, with its luxury brands becoming a symbol of status and wealth in many parts of the world.

However, LVMH's internationalization has not been without controversy. The company's alleged cultural appropriation of traditional designs and motifs from other cultures is one of the most important problems. Because LVMH used these designs without asking permission or paying compensation, this practice has been criticized as being exploitative and culturally inappropriate. One notable example is Dior's use of the "mamianqun," or "horse face skirt," an item of historical Chinese clothing that dates back to the Song dynasty (Holland, CNN).



*Source: Holland, CNN. (2022): "Dior accused of 'culturally appropriating' centuries-old Chinese skirt"*

The Horse face skirts gained popularity among women during the Ming and Qing dynasties due to their unique design, which included pleated sides and openings at both the front and back, making them ideal for horse riding. Today, these skirts remain a significant part of China's growing "Hanfu" subculture, which celebrates the clothing worn by ethnic-majority Han Chinese before the Qing dynasty (Yue).

Critics contend that high-end clothing companies like Dior are erasing cultural heritage and significance in addition to copying cultural designs. By adopting traditional patterns and repurposing them for the luxury market, these firms are sometimes perceived as a commodifying culture for profit without proper recognition or respect.

In response to the criticism, Dior stated that it takes cultural sensitivity seriously and that the usage of the "mamianqun" was more of a nod than a blatant appropriation of Chinese culture. However, this controversy highlights the complex issue of cultural appropriation in the luxury fashion industry and the need for brands to consider the cultural implications of their designs and marketing strategies.

Additionally, LVMH has come under fire for several of its labor policies, particularly in emerging nations like China. Poor working conditions, low pay, and long work hours have been reported by employees in factories that make products for LVMH. It has been claimed that the company engages in unethical business practices by allegedly exploiting workers in developing nations in order to increase profits.

Despite these criticisms, LVMH is still a significant player in the luxury sector and has kept growing its global presence. However, if the business is to stay competitive and uphold its image for moral and sustainable business practices, it will need to solve these problems.

## 7. Conclusion

In conclusion, LVMH's emergence as a key figure in the luxury sector has had a profound effect on culture and society. The company's influence can be observed in its impact on employment, fashion, design, the environment, culture, and globalization. While LVMH's success has led to the growth and democratization of the luxury market, it has also been associated with issues, such as cultural appropriation and terrible labor conditions. Overall, it is clear that LVMH has had a significant impact on society and culture, and this influence on the luxury market is likely to last for many years to come.

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