LIFE at LVMH: Antoine Arnault on the luxury giant’s new sustainability strategy

By Godfrey Deeny - 26 September 2019

LVMH unveiled a major new plan on the environment and sustainability Wednesday, which included the launch of an animal-based raw material charter; creation of a scientific committee and a series of strategic link-ups covering Amazon firefighting and a Man & Universe partnership with UNESCO.
Based within its LIFE (LVMH Initiatives For the Environment) program it also includes a partnership with the Solar Impulse Foundation aimed at energy reduction in the group’s mammoth boutique chain; the production of proprietary energy and alternative ways to transport air freight.

The project is the latest guided within LVMH by Antoine Arnault, eldest son of Bernard Arnault, the chairman and shareholder of reference of the giant luxury behemoth.

Antoine oversees communications and image for LVMH, a truly massive entity that includes stellar fashion brands like Christian Dior, Louis Vuitton, Givenchy, Marc Jacobs, Fendi, Pucci and Loro Piana, along with legendary perfume marques like Guerlain; champagne labels such as Dom Perignon and Veuve Clicquot; watch labels like Tag Heuer; global distribution giants DFS and Sephora, and most recently hotels – with the acquisition of the top-shelf chain Belmond. Meaning, by his own admission, there is an element of crisis management every day.

He is also CEO of Berluti, LVMH’s top line menswear couture house; chairman of Italian cashmere specialist Loro Piana, and was instrumental in the recent acquisition of a significant minority stake in Stella McCartney. So FashionNetwork.com sat down for an in-depth discussion with Antoine on all LVMH, handling multiple jobs and his views on Greta Thunberg.

Why has LVMH decided to launch the 2020 LIFE objectives?

“At LVMH we have been aware of the challenge of sustainable development for the past 25 to 30 years and have been quietly operating changes. Until now we would only communicate on our craft and the beauty of our products but we realize that we have to be more outspoken about these issues for our employees, stakeholders and our customers’ sake.”

Arnault notes that LVMH developed its environmental department 27 years ago, currently led by director Sylvie Bénard. “She has worked incredibly hard on the subject. She has been in charge of sustainable development at LVMH for more than 20 years. Work that she has contributed to and that we have put together in a bible, LIFE, with nine key sustainable themes included in the strategy plan of all 70 brands of the group. It’s not like we are discovering this subject,” he underlined.

Somewhat controversially, LVMH is doing this apart from the Fashion Pact launched by Kering – which gathered 30 brands this fall together from Moncler and Valentino to Tommy Hilfiger and Calvin Klein.

“We cannot be compared to any other actor in the industry. We cover every area of the luxury lifestyle industry – in fashion of course; but also in cosmetics; wine and spirits; distribution and now hotels. Other companies that make commitments are essentially in fashion and often fast fashion, so we share no similarities in terms of business models. Even if we agree on the necessity of the end result of sustainability.”

“Our plans have very clear objectives. Concrete and measurable, for the next few years and not decades. A large part of this LIFE program initiative is about renewable energy; CO2 emissions and waste management. It’s a trend but we have been extremely active on this subject for some time. 91% of our waste is being reused and recycle,” he stressed.

“We will continue producing and working with leather, fur and exotics skins. As a leader in this industry we have the responsibility to keep on this craftsmanship but to do it the right way and in all transparency. It is left to all companies inside the group to make their choice. We need to be realistic - customers will keep on buying it and we would rather they bought a quality product from us produced in the most ethical environment.
“I believe that not many companies have worked as hard at taking into account the environment as our group, and very few in our sector. We have been busy for 27 years,” said Bernard Arnault, Chairman & CEO of LVMH in an address to the audience of a presentation at the LVMH headquarters in Paris on Wednesday – whose first four rows were restricted to company executives. The CEOs of over a dozen group brands were present, as was the Bernard Piccard, the brains behind Solar Impulse, the first solar plane to circumnavigate the planet, and in a surprises gesture, Stella McCartney at the finale.

“I believe she is a very dynamic young woman. With a great sensibility about the environment. But she speaks in terms of an absolute catastrophe, which I find very demoralizing for young people today.”

Asked by FashionNetwork.com for his thoughts on Greta Thunberg, Arnault senior took a different tack to his eldest son: “I believe she is a very dynamic young woman. With a great sensibility about the environment. But she speaks in terms of an absolute catastrophe, which I find very demoralizing for young people today.”
McCartney’s presence marked her first official LVMH act, and she revealed that she would be acting as “Bernard Arnault’s unofficial advisor on sustainability.”

Asked by Antoine what her feelings were about working in a group that used leather and exotic skins, the animal rights campaigner designer responded: “I am a great believer in infiltrating from within.”

**STELLA MCCARTNEY**

In a real public relations coup, LVMH this spring bought a significant minority stake in Stella McCartney – the single most prominent anti-fur and leather designer. LVMH has not released the terms of its deal with the English designer, but it is believed to be a 49% stake, a similar stake its great rival Kering had previously in McCartney, a brand with close to 250 million euros in annual turnover.

How exactly does a group that includes Fendi, the single most famous fur and exotic skins couture house on the planet, tie up with McCartney? Her brand has eschewed all leather and animal products since it was founded in 2001.

“That was one of first topics of discussion with Stella. She is very smart woman and we understand her point of view. But smart people don’t always agree on everything,” argues Antoine.
Noting that LVMH has already begun taking on Stella’s ideas on sustainable boutique lighting in their massive store network. And, expect some houses to start making sneakers without glue – a big Stella issue – quite soon.

“She is a great friend of ours, but while she was with Kering I used to send my wife to her shows!” laughs Arnault, whose wife, uber model Natalia Vodianova, has starred in multiple McCartney ad campaigns.

“It’s great to have Stella with us. She clearly holds opinions strongly but listens to our point view and we are very proud to work with her,” he insists. Notwithstanding the fact that Stella signed on to Kering’s Fashion Pact, despite departing that group.

He declined to comment on speculation that Stella had made a significant capital gain in these two deals. “I am not the right person to answer this question.” He will not be operationally involved with McCartney. Indeed quite which division Stella will end up in within LVMH still is unclear.

CLIMATE CHANGE

Internationally, LVMH has already promised 5 million euros to help stop fires in the Amazon, the money allocated via the French government to send planes in Bolivia. Twice that is being spent on UNESCO Biosphere – helping local farmers reforest, since most fires are deliberately caused to clear land to grow soya.

Which leads us to the Climate March, inspired by Greta Thunberg, the teenager from Sweden, whose grimace at Donald Trump after he addressed the United Nations yesterday has gone viral. The same Trump whom Bernard Arnault visited in the month he was elected.

“We are embracing the Climate March. As large corporations we have to be accountable and have responsibility. States have a bigger one as a large economic actor. But we all must do the right thing. Moreover, as a parent of two kids I absolutely see the necessity and try to do things better. As a huge company we can certainly contribute – but if we all do something, there can really be a shift.”

BERLUTI

Antoine launched Berluti’s menswear fashion division back in 2011, re-imagining the most famous boot-maker in Paris as a menswear couture brand, with a five-year plan to build a profitable men’s luxury label. It has taken somewhat longer, though Arnault stresses the sales targets have been reached and that Berluti will go into the black within the next two years.

“Berluti is not very far from the initial road map. It’s a utopia to believe you can build a luxury brand in three years. Especially a brand that has the ambition to exist in the territory of high end menswear luxury. Maybe for a mainstream brand of streetwear, with the right designer and audience, you can do it in three years. But not in the world of luxury menswear. So, it is taking a little longer than we expected but we have been growing very fast,” he insists.

The Berluti CEO cautions that at the start of the decade Berluti had less than 30 million euros annual revenue, but has multiplied turnover nearly eightfold to comfortably over 200 million.

“We only doubled the number of stores and in the next couple of years we expect to make a profit… On the way we have managed to build a long-lasting brand that is synonymous with the best menswear quality.”
Eyebrows were raised by what many saw as erratic approach to choosing creative directors. The initial choice was Alessandro Sartori, a master tailor with an Italian quirky gent twist. His successor Haider Ackermann was a Colombian-born Frenchman, an avant-gardist that got rave reviews with luxurious but offbeat cutting. While the current occupant Kris Van Assche was noted for his blend of street-meets-pop-star tailoring at Dior Homme.

“It’s always difficult to explain why the relationship between a designer and a CEO clicks. With Kris we have the perfect balance between tradition and modernity. I respect designers that can be deep divers into the archive but also give it a twist. Kris has the potential to do that. Our core offer is permanent, in terms of access and shoes. Ready-to-wear is more of a seasonal product.”
At the beginning of the decade, several groups – LVMH; Kering with Brioni and the Fung Group with Cerruti and several Savile Row houses – all predicted that high-end menswear would be the next boom business. Did all of you overestimate the market?

“Dior Homme and Louis Vuitton Homme have grown very fast. For the smaller brands it’s more of a long road; our resources and notoriety are limited. But we never expected to be at 500 million euros within eight years. We would not have the capacity to produce this much as our product is in the hands of artisans. You could call it constrained growth,” he laughs.

Berluti remains a tightly distributed affair, with just 60 boutiques, including a new store in Isetan last week. It has a “tiny bit of wholesale,” he says, mentioning The Webster in Miami, Bergdorf Goodman in NYC and big boutiques in Brazil and Vietnam. Though the house’s four Hong Kong stores have frequently had to close, complicating business.

On the web, Berluti started commercially last year, operating in the USA, Europe and Japan. It accounts for a single figure percentage of sales.

“We’re doing very well on our e-shop. We do not carry all of our offer but we certainly do with the shoes. Some customers order two pairs and send one back. Some even order three!”

A collab’ with Ferrari on a driving shoe has been performing well.

“When we first discussed it with Yaki Elkann and Lapo, we thought, ‘let’s do a test and drive.’ It went so well we produced a second batch. Our shoe was just showcased over the summer on the Ferrari Instagram. It was a pleasant surprise as it garnered over a million views. I am convinced many clients thought this shoe was the official Ferrari shoe. But then SP1 model buyers do also get a pair with their new Ferrari.
Antoine became chairman back in 2013 when LVMH acquired the marque. It was considered a very well-managed company back then. Initially he saw his job as integrating the Italian brand into the French group.

“I supported and contributed to the acquisition, as we were on friendly terms with Sergio and Pierluigi. I had the biggest respect for this family-owned brand. I then became chairman and CEO and commuted to Milan every week until 2006.

“Eventually, we found a passionate CEO, Fabio d’Angelantonio. I am now a non-operational chairman. This brand is performing extremely well. It is not a cruise ship but an icebreaker – they follow a straight line. No fashion collaborations, as the brand addresses customers who seek an alternative to fashion brands.”

Why has it never staged a show?

“The brand is a quiet one and understated – the clients don’t want a show, we don’t want one, neither did Sergio.”

Antoine has sat on the board of LVMH for the last decade. A decade ago while at Vuitton, he gained kudos for his innovative Core Values campaign – shooting icons like Mikhail Gorbachev and football greats like Maradona, Pele and Zidane – all playing calcetto. He also hatched another noted success, Les journées particulières, which opened the doors of multiple LVMH houses to the general public. Its fourth edition last year attracted over 150,000 people. One should not forget that a decade ago, it was not uncommon to see hip Parisians make robotic moves at the mere mention of LVMH suggesting that anyone worked there must be a corporate, mechanical square.

“The idea came from talking to our own employees who asked why so many people have a distorted opinion of LVMH. We make beautiful products with the utmost care and yet the general public does not know us. And I thought, ‘why don’t we invite in people to show what we really do and how much care goes into what we make?’ I think it has been instrumental in changing the public perception of the company,” he opined.
Antoine also helped create the models’ charter, for once working together with Kering to prevent harassment of young models.

“The anecdotal evidence is that it’s working pretty well. It cannot be perfect, but most of the issues that surfaced last season were transport ones, missing taxis etc. I am not saying there aren’t incidents but what I do know is that within LVMH models are being treated correctly,” he insists, stressing that Kering and LVMH had a major brainstorming meeting with psychiatrists, health ministry and model agents last summer in Paris.

When asked to describe his typical day, he responds: “Like most businessmen, I get up and take my kids to school. Work hard all day and hope to get back in time to play a little with them in the evening, have dinner with my wife and watch Netflix!”

A father of two boys, Maxim and Roman, he is now very much a family man, working in a giant conglomerate that his father refers to as “a family business,” despite LVMH being quoted on the Paris stock exchange for over a quarter century.

“Yes, we think of it as a family business. As do my three brothers and sister. We want to conserve this great environment that my father has created and built for another generation. And maybe one day for our own kids.”

The son of a legendarily hard working dad, inevitably given his age – Bernard Arnault was 70 in March – there is conjecture about the eventual succession plan. Many in France predict that when the day comes it will be luxury’s equivalent of Game of Thrones.

“My father’s retirement? I don’t think about that. You know what, I don’t expect him ever to retire!”