How to Combine Digital Strategy and Sustainable Strategy in Luxury Companies

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Abstract: This article aims to figure out how luxury brands survive and develop today when traditional business and sales models have become very inefficient. Also, more and more people and governments realize that sustainability is urgent and essential. Therefore, this report will do some research to study some luxury brands' digital strategies and sustainable strategies. The research question is how to combine digital strategies and sustainable strategies to help luxury brands overcome the challenge and catch the chance of the external environment changes. This essay mainly studies eight luxury brands divided into two industries. One is the fashion industry containing Armani, Hermes, Louis Vuitton and Prada. Another one is the furniture industry, which contains Cassina, Moroso, Poltrona Frau, and Visionnaire. This research report will go through those brands' official websites and look for other research papers to analyze the digital strategies and sustainability strategies of those luxury brands. The findings reveal that the luxury brands in the fashion industry perform better than the luxury brands in the furniture industry. Also, some digital strategies are kind of sustainable to some degree. Furthermore, sustainable strategies or implementations could be promoted by digital strategy.

Keywords: Combine digital strategy; Sustainable strategy; Luxury brands

1. Introduction

With IT development, the real economy has shifted to the online economy, especially during the COVID-19 pandemic. Many online-focused companies and brands have developed rapidly. Traditional brands and companies must consider digital strategies. This article will study the digital strategies of eight luxury brands, four in fashion and four in furniture [1]. Moreover, with social progress, more people realize the importance of sustainable development. This study will also cover how these eight luxury brands implement sustainable strategies in this situation. In many people's minds, luxury, sustainable and electronic concepts conflict. However, sustainable development and the electronic market are increasingly important. Market history shows that poor response to external changes leads to market elimination, like Nokia. Therefore, it's urgent to study how luxury brands

integrate sustainability into digital marketing. First, we'll study the digital strategies of eight brands (Armani, Hermes, Louis Vuitton, Prada in fashion; Cassina, Moroso, Poltrona Frau, Visionnaire in furniture). Then, we'll explore their sustainable strategies to find connections and combine digital and sustainable strategies.

2. Literature review

This report studies the digital strategy and sustainability strategy of luxury fashion brands and the digital strategy and sustainability strategy of luxury furniture brands. After research, it is found that both luxury fashion brands and luxury furniture brands have begun to implement digital strategy and sustainability strategy. However, there is no report studying the relationship between these two strategies. Therefore, this article will use content analysis to study the digital strategy and sustainability strategy of luxury fashion brands, and the digital strategy and sustainability strategy of luxury furniture brands. A summary analysis is conducted to find out the relationship between digital strategy and sustainability strategy. En (2023) noted that Prada has good digital marketing results in China, yet there's room to improve in platform segmentation, differentiation and online-offline integration, which other luxury fashion brands also need to tackle in omnichannel [2–8].

2.1. Strategy 1: Content creation

Content creation is the core of digital marketing across various platforms and forms. Armani uses high-quality content to engage customers. Zhang (2023) said Hermes applies digital content marketing to balance tradition and modernity, and Martin Roll suggested it uses high-quality visuals and stories to keep its luxury image. Louis Vuitton publishes quality content on Instagram and Twitter, and uses influencers and celebrities to attract the youth. Prada uses well-edited clips and behind-the-scenes content on platforms. Overall, content creation is key to digital market success [9–22].

2.2. Strategy 2: Data analysis

Data analysis, especially with AI, is vital in the big-data era. Armani optimizes marketing by collecting and analyzing customer data. Hermes uses data to understand consumers, launches apps and virtual stores for the young, and adjusts strategies accordingly. Wang and Yu (2021) stated Louis Vuitton emphasizes data analysis in China. Prada integrates digital interaction, uses AI-driven analysis for customization, and analyzes sales and trends. In short, data analysis helps luxury brands understand customers and target groups.

2.3. Strategy 3: Social media engagement

Social media engagement, a growing advertising method, is important. Armani uses influencer partnerships. Hermes uses game mechanics to encourage social sharing. Louis Vuitton attracts the young on Twitter and Instagram and showcases products. Prada uses sentiment network mining. Luxury brands recognize social media's significance and use tech for analysis. The social media strategy is similar to content creation [23–40].

2.4. Strategy 4: E-commerce

E-commerce is online selling, but it challenges luxury brands' self-positioning. Armani adapted to e-commerce in the past decade. Hermes invests in mobile ads, redesigns the mobile experience, and ensures online-offline integration. Louis Vuitton explores e-commerce via innovation and online collaboration. Prada uses emerging tech like Metaverse and Web3. E-commerce is the most important omnichannel strategy as traditional sales decline [41–45].

3. Digital strategy in the furniture industry

The digital strategy of luxury furniture brands differs from that of luxury fashion brands. This part will research four luxury furniture brands: Cassina, Moroso, Poltrona Frau and Visionnaire.

3.1. Strategy 1: E-commerce expansion

E-commerce expansion is difficult in the furniture industry due to large product size, high transportation and return costs, especially for luxury brands. Cassina launched its e-commerce platform in 2022 for customers to buy iconic pieces. E-commerce trends may influence Moroso's strategy. Poltrona Frau partners with Design Italy to address global e-commerce challenges and launches its platform. Visionnaire expanded into new markets and set up global flagship stores. Overall, luxury furniture brands are developing or launching their own platforms, except Poltrona Frau which collaborates externally for e-commerce [46–48].

3.2. Strategy 2: Social media engagement

Social media engagement is an essential digital strategy to attract people and boost brand awareness. Cassina localizes content for local audiences. Moroso shares high-quality images and videos of new designs and collaborations. Poltrona Frau collaborates with well-known figures to expand influence. Visionnaire uses high-quality visuals, storytelling, interactive content and encourages customer photo sharing. Similar to the fashion industry, furniture brands use high-quality visuals, storytelling and user interaction to prompt photo sharing.

3.3. Strategy 3: Virtual showrooms/AR

To avoid secondary transportation due to high costs, some luxury furniture brands use VR/AR technology to enhance the online customer experience. Cassina integrated AR and VR tools for users to visualize furniture before purchase. Moroso had a similar strategy. Poltrona Frau uses QR code technology with AR/VR to let users intuitively see and feel furniture. In conclusion, AR/VR technology is important for the furniture industry and can also be applied to the fashion industry.

According to Nikolaou *et al.* (2021), Armani integrates circular economy and sustainability concepts; Bhawna, Kang, and Sharma's report (2024) aims to reduce waste and extend product life for a circular economy. Additionally, learn from Hermès' practices for sustainable luxury. Louis Vuitton reuses or recycles 93% of campaign and display materials, refurbishes about 500,000 bags annually, and 52% of its raw materials meet the standard. The Prada Group explores alternative processes and material sources, and emphasizes responsible packaging and disposal for a circular economy. In conclusion, the circular economy is an ideal state motivating luxury brands to strive for it [49–53].

3.4. Strategy 4: Supply chain transparency

Supply chain transparency is crucial for sustainable development as it ensures sustainable raw-material sources and fair wages for workers. An article overviews Armani's sustainability commitment, including efforts to enhance supply-chain transparency. Pan (2024) studies Hermès' sustainable and ethical sourcing; McGrath *et al.* (2021) explore transparency techniques for global supply chains including Hermès. Louis Vuitton enhances supply-chain traceability and ensures ethical practices. Prada integrates sustainability into its core strategy for environmental and ethical benefits [54–56].

3.5. Strategy 5: Corporate social responsibility (CSR)

CSR requires companies to take responsibility for consumers, communities, and the environment besides creating profits. An Armani report focuses on three action areas including social-responsibility efforts. Hermès emphasizes social responsibility through various means and communicates its commitment to stakeholders. An article details LV's CSR through collaboration with UNICEF and local communities. Some articles highlight the importance of embedding and communicating CSR values, and examine Prada's communication of social-responsibility commitment. In conclusion, CSR is an important goal for all companies, especially luxury fashion brands [57].

4. Sustainability strategy in the furniture industry

4.1. Strategy 1: Circular design

Circular design is crucial for the furniture industry as traditional furniture harms the environment. For instance, Cassina collaborated with POLI.design to find key issues and develop sustainable solutions. Moroso's "Design by Nature" project with Front uses 3D scanning to create furniture mimicking natural elements. Poltrona Frau takes a circular approach for durable, recyclable products. Visionnaire's "Beauty" collection uses sustainable materials [58].

4.2. Strategy 2: Energy efficiency

The 2022 Cassina Sustainability Report details its commitment to reducing environmental impact, including energy-efficiency initiatives like optimizing production and using energy-saving technologies. Moroso studies biomass for sustainable energy; Poltrona Frau improves energy performance through production optimization and energy-saving tech; Visionnaire focuses on clean energy and energy-saving practices [59].

4.3. Strategy 3: Employee well-being

Cassina's 2022 report shows its commitment to employee well-being, with initiatives on health, safety, and a supportive work environment. Moroso invests in employee learning and development. Poltrona Frau prioritizes employee health and safety, offers flexible work options, and invests in learning. Visionnaire focuses on employee health, safety, and work-life balance [35–40].

5. Conclusion

Whether it is the fashion industry or the furniture industry, e-commerce strategies are sometimes a sustainable development strategy. For example, the AR/V strategy in the furniture industry is to improve customer experience through AR/VR technology, better experience the product, and reduce the return rate after purchase; but by reducing returns, transportation consumption will be reduced and carbon emissions will be reduced. In addition, the brand's sustainable development values can be promoted through electronic platforms to attract more audiences.

Disclosure statement

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