Corporate Social Responsibility and Sustainability as Market Opportunities in the Luxury Sector

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Abstract. *From the early '90s until today, the concept of Corporate Social Responsibility is acquiring more and more relevance, with consequences impacting over the whole organization of any corporation. It is clear that CSR assumes a strategic importance not just because of the reputation, also because of the pursue of a better management. It means that if a company assumes responsibility as an own value, it could be also willing to reconsider the internal organization, in terms of internal relationships, hierarchy, costs, etc. CSR and sustainability are related to each other, as they may act as reciprocal cause and consequence. When we talk about sustainability, we refer to a really broad concept, applicable in different fields, from an economic perspective to a more ecological one. In general, we can define sustainability as the set of all those actions and elements that provide the foundation for current and future economic, social and ecological development. This is a concept that applies to every organization. Luxury firms are not an exception since their activity is able to influence sustainability practices. Because of its intrinsic nature and history, luxury affects both the socio-cultural and ecological dimensions. On the cultural side luxury goods are considered superior than others in terms of quality, price, feelings or uniqueness. This conception exacerbates the stereotype of luxury as a mystic world, where the ecological dimension cannot be forgotten, if companies aim to deliver high quality, prestigious and use rare raw materials that give to luxury products an aura of superior quality. On the other side, the higher involvement in sustainability and responsibility practices suggests the strategic relevance of social reputation as essential intangible assets. The success of these policies is depending first of all on firms, which must be able to integrate them in their core values and share them across the whole organizational structure, second by customers: they so play a crucial role as their responsiveness can be used as a test to measure, understand and also implement such policies. Currently, this is a really challenging topic, due to the fact that the competitive arena is spread all over the globe, or that it is bigger than merely national markets. Within the global arena, it could be useful to speak about brand community: this is a non-geographically bounded community built up with social relationships tying the brand and consumers with similar identity, feelings and commitment. Within the community, the internal communication is enhanced by the employment of social networks, internet and any other new form of communication, and it gives to consumers a big power, about the approval or rejection of firm's proposals. It is not a casualty if nowadays, especially in market niches, luxury companies are firstly readdressing their productions according to sustainable aspects and secondly adding new socially acceptable values to their brands. It is a fact that sustainability is actually improving the prestige connotation of luxury as a whole industry; furthermore, sustainability may be used as a new way to think about luxury, beyond a new way to manage resources. It is still a fact that sustainability is highlighting* *unelectable problems under various aspects, and that firms need to redesign their business models and market networks to take into account such problems and so provide an adequate solution. Here, it is again about reputation and transmitted values. Because of its typical aura of unreachability and privileged ownership as intrinsic values, and the sake of perfection as well, sustainability represents an immeasurable opportunity for the development and reinforcement of the brand.*

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Keywords: *CSR; luxury industry; strategies.*

Introduction

"Luxury" is a concept used to define the interest of a specific target customer, typically fascinated by the ownership and consumption of high quality and highly priced goods. The term derives from the ancient Latin *luxus* and it indicates a general situation of excesses and vices. Generally, the ownership of luxury goods is not exclusively linked to the satisfaction of needs, but it also implies an ostentation attempt, in order to highlight a situation of uniqueness, due to the perception that consumers have on products (Wiedmann et al., 2007). Even if the idea of luxury followed the human history from its beginning, it is not easy to give a formal and unique definition, due to its wide applicability. Nevertheless, the lack of a definition is helpful to highlight the fact that, speaking about luxury, we are arguing about a wide phenomenon too complex to be summarized in a single brief statement (Heide, 2012).

Luxury characteristics are incorporated in tools traded on the market through different channels: the goods. In a more economic sense, as luxury goods we define such goods which demand increases more than proportionally as income rises (Varian, 1992), budget constraints do not apply in this case. According to the microeconomic theory, such goods are characterized by an elasticity higher than 1, due to the ratio between the change in demand and the change in price, both expressed in percentage. This implies that luxury consumers are inclined in spending a higher price to satisfy their need of excess and uniqueness. In a practical sense, luxury goods behave and can be considered as positional goods: their level of consumption negatively depends on the level of consumption of other consumers (Hirsch, 1977): if more and more customers use a specific good, the interest and the utility of a luxury consumer will decrease, due to the perceived lower prestige that damages the image. As it appears obvious, the perception of consumers plays a fundamental role in the explanation of what luxury is. People through luxury goods obtain the opportunity to achieve the belonging and desired social status, individual culture and education level, enabling the self-esteem and self-actualization needs to be met (Andrei, Gazzola, Zbuchea, & Alexandru, 2017).

The relation between luxury and sustainability

The concept of luxury, it is usual associate to a frivolous behavior promoting values of rough and unscrupulous ownership and desire of appearance (Ward & Chiari, 2008). Nevertheless, the last decade has been characterized by a deep change in the perception of what luxury is and in which dimensions the same idea can be applied, as a consequence of globalization, the financial turbulences and the emergence for sustainability patterns. More specifically, as globalization, that changed the competitive arena, the financial crisis and the years that followed after have been characterized by some changes in behavioral traits of consumers, with some readdress in their actions (Kim & Kim, 2017).

Obviously, a radical influence has been provided also by the last financial crisis in 2007 and the sovereign debt crisis in 2008 in the European Union. The two phenomena affected every possible economic sector across the whole globe, with a higher impact over developed and industrialized countries. The luxury industry was no exception: in spite of a constant growth in revenues, the aura around the concept has changed affecting little by little its iconic role in the market (Priporas, Kamenidou, Kapoulas, & Papadopoulou, 2015). However, this should not happen, otherwise the differentiation and competitive advantage on which luxury has been successful for years might be negatively affected. What changed in consumers' mind, especially after the Subprime crisis in 2007 and the Sovereign European debt crisis in 2009, is the perception of this kind of merchandise and the way such goods are approached (Koos, 2017). As a consequence, firms must adapt themselves to these new changes to survive.

Nowadays, this is a really hot topic for luxury firms, as consumers' habits are changing in terms of purchasing behaviors and of decision making (Deloitte, 2015; Kim & Kim, 2017). Consumers are currently more aware than before about the value and the usefulness of luxury goods. It means that consumers are paying more attention about their real needs and in the purchase of specific goods as potential solutions. Competition is nowadays addressed by demand, as consumers are more conscious about market dynamics due to the development of new technologies and social media, that improved producer-consumer relationships (Luo, Zhang, & Liu, 2015). As a consequence, luxury firms must be able to redefine their strategies and their approach to competition and markets, by keeping an exclusivity and scarcity position and by avoiding mass markets. Again, brand awareness assumes a key role, due to the fact that nowadays communication must change and be readapted.

This is particularly true if we take into account the appearance of new kind of customers, deeply involved in digital communication and able to create, address and destroy new trends causing opportunities and threats for organizations. They are the Millennials, or Generation Y – i.e. people born more or less from the 80s to the 90s (Stępień & Lima, 2018), consumers born and grown up in a period characterized by a fast daily technological progress which implies a high level of use of these new forms of communication and, as a consequence, a higher familiarity (Vogel, Cook, & Watchravesringkan, 2018). Due to the natural and massive use of Internet and social medias, Millennials have the ability to easier communicate with each other, produce and share information, with a relevant impact on performances of firms (Vogel, Cook, & Watchravesringkan, 2018; Mangold & Smith, 2012). This causes then firms to redefine their communication and sales policies (Helal, Ozuem, & Lancaster, 2018). Furthermore, as a consequence of the higher information flow on the web, the crisis increased customers' attention on ethical and sustainability issues. More precisely, the last years have been characterized by several scandals about the employment of unhealthy ingredients in food, like for the palm oil, or the exploitation of child labor (Ray, 2000), like the brand Nike did in the early 2000s for the production of clothes and balls (Kapferer & Michault-Denizeau, 2014).

In few words, the problem of sustainability emerged, and it became louder and louder also because of the work of agencies, all over the globe. This sheds light on the importance of paying more attention on the impacts of companies on the environment, social conditions and human rights (Chaudhuri & Gupta, 2004). These aspects are relevant also when talking about luxury. As a matter of fact, luxury suffers from stigma, i.e., it is considered as something frivolous that generates social inequality, especially in times of economic crisis, and harms the environment due to the recent scandals of unsustainable practices in the production of luxury goods. Emblematic is the Hermès case: the firm have been accused by PETA, People for Ethical Treatment of Animals, to brutally kill and mistreat crocodiles used to produce bags, in Zimbabwe and Texas factories. Another example is given by the experience of Moncler, fashion firm specialized in the production of winter clothing. In 2011, the brand has been accused by animal welfare societies about the painful way plumage was ripped away from ducks. Back to the sustainability idea, episodes like the ones from Hermès and Moncler are just two examples about what can seriously damage the reputation of a brand (Black, 2015). If scandals happen consumers may think that companies in the luxury industry pay no attention to environmental and ethical issues (Beard, 2008).

This could cause a reputation image loss, especially among those generations that might be more concerned about sustainability issues, such as the Millennials. About sustainability, ethics and environmental problems, the Millennials seem to be more sensitive than any other kind of consumer. This is due to the hectic historical period in which they were born, characterized by significant historical, social and political events that shaped their opinions, and the massive use of technologies that facilitate a faster and easier sharing of information and opinions (Gistri, Pace, & Corciolani, 2015). Notoriously, a higher availability of information may produce new knowledge and induce a more conscious behavior in consumers, that now are more interested about production conditions, the origin of raw materials, the development of human resources and so on. This consciousness may lead them into fairer purchase habits. The interest on Millennials is based on the fact that they are nowadays an emerging segment able to set trends (Helal, Ozuem, & Lancaster, 2018). Under the previous conditions it is no doubt that companies should invest in more sustainable practices. The topic of sustainability affects the firm first of all in terms of reputation, as a sustainable activity is positively perceived by users and market agents in general. Second, a firm that makes sustainability its own state-of-mind and practice may have a higher probability in attracting new customers, with a possible improvement in its market share (Debevec, Schewe, Madden, & Diamond, 2013). A well-designed sustainability strategy can be a win-win result in many cases.

The emergence for sustainability in the luxury sector

The loss of natural habitats and the damages over biodiversity, jointly to the use of mostly nonrenewable resources and the decline of traditional craftsmanship caused by unsustainable practices in luxury and in other segments, creates undeniable damages and losses in economic, environmental, social and cultural sense (Coste-Manière et al., 2016). Although it could be not common to use the term "luxury" and "sustainability" at the same time, it should be important to remark the fact that this is not impossible. This new dimension of luxury creates several opportunities to luxury companies, since the idea of sustainable luxury could lead to positive impacts and care of the environment and other people all over the globe (Ki & Kim, 2016).

This higher interest about environment and sustainability topics is felt by both companies and consumers, even if reasons are different (Martinez-Alier, 1995). On the one hand, firms are more conscious about the strategic relevance of sustainability and how it can affect the perception of products and the brand reputation as well. On the other one, firstly because of new trends defined by Millennials, and secondly because of the availability of more information, people are more aware about problems like pollution or human and animal mistreatment (Debevec, Schewe, Madden, & Diamond, 2013). Moreover, customers are more conscious than before about the real value of luxury goods, beyond their mystic and uniqueness aura. Due to this, this new strong customers' sensitivity forces companies to redefine their image and their strategy if they want to survive to competition and selection by users. It seems legit to say that the higher consciousness in customers is giving them the possibility and the power to address the competition and their actions (Kapferer & Michault-Denizeau, 2014). In other words, it can be said that competition is not strictly driven by the supply, but also by the demand side (Joy, Sherry Jr, Venkatesh, Wang, & Chan, 2012).

This changing scenario is faced by firms through some modifications in their strategies, in the way they communicate and interact with markets and consumers as well as in the values they convey with their product, advertisements, in terms of public relationships and social responsibility. Moreover, events like the Green Carpet, i.e. a fashion exhibition strictly related to sustainability topics, are used by firms as an opportunity to show to the world in which way they changed their productions and how eco-friendly they are (Kapferer & Michault-Denizeau, 2014). This higher interest about sustainability advantages can be explained under different points of view, i.e. increased productivity and reduced costs, source of growth and innovation, a way to diversify investments, or increments in internal efficiency (KPMG International, 2011). As it has been already stated, customers' requests to purchase new products made under fair conditions, with care of environment, human dignity and animal rights, led luxury firms to change something about their position to save their reputation. The interest of consumers in sustainable products, and so the evolution of their tastes in this direction can be seen as a consequence of the elaboration of specific knowledge used to understand and solve specific needs by implementing adequate solutions (Witt, 2001).

Then, the higher interest in sustainable products is not only related to a higher consciousness about environmental issues by the customers, but also to some specialization tendencies caused by the identification of a wide set of opportunities and related evolutionary processes. Moreover, the increase in available income, jointly to a higher education level and the higher quality of products lead consumers in finding new sophisticated solutions, and sustainable products may give this feeling to consumers.
As a consequence of this sophistication at the demand level, we have a higher number of firms interested in the improvement of the so-called Corporate Social Responsibility (CSR), as a mean to show to consumers that the questioned company is on the way to pursue excellence in social issues (Achabou & Dekhili, 2013).

Corporate Social Responsibility and sustainability as market opportunities

This higher awareness and interest from consumers asked some changes in policies and strategies of companies, nowadays required to take into account new standards not just about production but also in a more general perspective. This is why the concept of CSR is currently acquiring more and more relevance, with consequences impacting over the whole organization of any corporation. CSR is defined as the set of all that decisions and behaviors of any firm to appear socially good, going beyond the interest of the firm itself. This also includes donation to nonprofit organizations and charitable causes and programs (Lichtenstein, Drumwright, & Braig, 2004). For instance, CSR can also be defined by taking into consideration the legal dimension: CSR must be pursued with reference to legal commitments and boundaries, as the firm is liable to its stakeholders and the components of society in general (Werther & Chandler, 2005). The employment of these last definitions helps to underline an ethical face and behavior, as a mean to support and pursue both strategic and economic interests. For a firm, the pursue of targets related to CSR is essential in order to improve the own brand reputation.

It is clear that CSR assumes a strategic importance not just because of the reputation, but also because of the pursue of a better management. It means that if a company assumes responsibility as an own value, it could be also willing to reconsider the internal organization, in terms of internal relationships, hierarchy, costs and so on and so forth.

CSR and sustainability are related to each other, as they may act as reciprocal cause and consequence. When we talk about sustainability, we refer to a really broad concept, applicable in different fields, not only strictly related to economics and management (Gazzola, Grechi, Ossola, & Pavione, 2019) but also related to the tourist sector (Grechi, Ossola, & Pavione, 2015; Gazzola, Pavione, Grechi, & Ossola, 2018), or to the traditional ecologic one (Meyer & Helfman, 1993). In general, as sustainability we refer to the set of all those actions and elements that provide enable to maintain the current status of the development in the future (Lankoski, 2016).

Traditionally, sustainability is a concept defined within a system of four different interdependent levels, each other affecting: ecologic, economic, politic and cultural (Magee et al., 2013). It means that this topic takes into account different aspects of any society and its members, and it is really hard to distinguish these four elements as independent ones (Dillard, Dujon, & King, 2008). Any involved actor in the sustainability process has to take into account all these dimensions. What can be done is a clarification of its real applicability, under both internal and external conditions. First, sustainability may be designed as narrow or broad: narrow sustainability refers to an idea of continuity of the current activity of the firm and it is about the respect of the environment; broad sustainability is used to frame issues involving also other elements beyond environmental ones, typically social and political. Second, we can distinguish sustainability as weak, if substitution among different possible sustainable solutions is possible, and as strong, if the activity is unique and cannot be replaced by any other different alternative. Last, we have relative sustainability, if it is about a comparison with a standard, and absolute sustainability, when the actor's aim is to reach a specific outcome. Then, the company can pursue sustainability in different ways, according to the impact and the relevance of the topic (Seghezzo, 2009; Krajnc & Glavic, 2005). The previous declination of the concept does not provide exclusively economic or ecologic meanings, i.e. sustainability must be approached by accounting all its practical dimensions, as one like the subset of the other one.

Luxury firms are not exception, since also their activity is able to influence the environmental structure at different levels at the same time. Probably, because of the intrinsic nature and the history of luxury, the cultural and ecological dimensions are the most involved ones. The cultural dimension is affected by luxury in the way there are some people recognizing luxury goods as superior ones in terms of quality, price, feelings or uniqueness, by feeding the common stereotype of luxury as a mystic world. Due to the fact that luxury goods are made by high quality, prestigious and rare raw materials, to give to the good this aura of superiority, the ecological dimension cannot be forgotten. The last idea is true especially if we think to scandalous episodes or practices, from the already called experiences from Hermès and Moncler, or to the dramatically knew extraction and trade of blood diamonds in Africa. About Hermès and Moncler, in order to avoid any reputation worsening, it is possible to see the involvement of both companies in sustainability programs addressed to a different way of managing resources and practices (Hennigs, Wiedmann, Klarmann, & Behrens, 2013). More precisely, Moncler approved the "Down Integrity System & Traceability" (Moncler, 2019) at the beginning of 2015, aimed to guarantee high standards of respect of animal dignity along the whole production. Similarly, Hermès intensified internal controls about finding and manufacturing of raw materials and leather through the selection of clean technologies and reducing wasting as much as possible. In spite of those scandals, revenues for both firms increased over time. Especially, Moncler's debt constantly decreased as revenues increased. This could be symptomatic of the fact that customers are still interested in Moncler's product (Miolo, 2015; Capozzelli, 2017).

On the other side, the higher involvement in sustainability and responsibility practices suggests the strategic relevance of social reputation as essential intangible assets. Talking about diamonds extraction, a good signal is from the luxury brand Tiffany & Co. The firm was the first jeweler adopting the program "No Dirty Gold", to promote social aspiration, human rights and environmental standards in mining and extraction of gold and gems (Marlin, 2006). With reference to the diamond extractions, it is estimated that in Africa almost 1,5 million people work under unsafe conditions. For the sake of an amelioration, the firm is also involved in the Diamond Development Initiative, aimed to the development, promotion and diffusion of fair working conditions and human development of miners (Marlin, 2006).

The effectiveness of such practices is empowered by a vertical integration process that asks to Tiffany's suppliers and collaborators to adopt, promote and make notorious these standards for the jewelry production. As an additional example, the brand exploited vertical integration to better control the process of extraction and manufacturing of gold and diamonds, to avoid and to solve episodes linked to violating practices of human dignity. Still Tiffany is also limiting its extractive activity in order to safeguard particular habitat, because of its beauty or because of the presence of some biological species. This concept that is based on the proper mining places is positively linked to favorable feedback from customers and stakeholders like Earthworks (Bloomfield, 2017). The company openly recognizes sustainability and social responsibility as practices that protect and promote human development and create economic opportunities as well.

The success of these policies is depending first of all on firms, which must be able to integrate them in their core values and share them across the whole organizational structure, second by customers: they so play a crucial role as their responsiveness can be used as a test to measure, understand and also implement such policies. Currently, this is a really challenging topic, due to the fact that the competitive arena is spread all over the globe, or that it is bigger than merely national markets. Within the global arena, it could be useful to speak about brand community: this is a non-geographically bounded community built up with social relationships tying the brand and consumers with similar identity, feelings and commitment (Bathelt, Malmberg, & Maskell, 2004).

In the long-term, sustainability could also be a hygienic factor to enjoy competition and markets: nowadays it is seen as an additional distinctive value differentiating competitors, but it cannot be excluded that in the future it is going to be a standard factor to allow the survival of firms. It is not a casualty if nowadays, especially in market niches, luxury companies are firstly readdressing their productions according to sustainable aspects and secondly adding new socially acceptable values to their brands. It is a fact that sustainability is actually improving the prestige connotation of luxury as a whole industry; furthermore, sustainability may be used as a new way to think about luxury, beyond a new way to manage resources. It is still a fact that sustainability is highlighting unneglectable problems under various aspects, and that firms need to redesign their business models and market networks to take into account such problems and so provide an adequate solution. Here, it is again about reputation and transmitted values. Because of its typical aura of unreachability and privileged ownership as intrinsic values, and the sake of perfection as well, sustainability represents an immeasurable opportunity for the development and reinforcement of the brand. It is clear that sustainability is nowadays a strong competitive advantage able to shake and redefine the shape of the whole luxury industry (Pavione, Pezzetti, & Matteo, 2016).

The opportunities of sustainability

The emergence for sustainability awareness produced the creation of new opportunities of growth. In this constantly evolving scenario, firms can adapt themselves to new trends in different ways, e.g. from recycling to secondhand market. Nevertheless, the feasibility of sustainability strategies is depending on the set of preferences from consumers: such preferences act as entry barrier and they are the first test about the effectiveness of any new market introduction. Everything is depending on the degree of satisfaction that the firm is able to provide to its consumers by putting on the market sustainable products and services. If these new alternatives are positively perceived, customers may also be willing of paying a premium price to buy and own it (Harris & Freeman, 2008). It is clear that sustainability is offering to firms several opportunities in terms of higher revenues, but at the same time it also gives the opportunity to reduce costs, e.g. by recycling.

This last practice is notoriously devoted to a further consequential reemployment of raw materials just partially employed or remained from previous productions, through a new productive cycle. By principle, this is a really common practice and appreciated solution to avoid as well as possible any form of waste, both in terms of resources and money. Recycled products are positively valuated as consumers considers recycling as a good mean to protect the environment. Nevertheless, the demand for recycling is not just from consumers: it is not strange to have firms, not necessarily luxury ones, recycling by their initiative, because of the understanding of market trends or because of the opportunity to better spend money and efforts (Achabou & Dekhili, 2013). According to this new production approach, the luxury industry may assume a leadership position, due to the fact that luxury firms and brands enjoy of all required resources, competences and energies to do it (AFP, 2008). The luxury industry has the recognized power of introducing new market trends that can be immediately imitated by other not-luxury firms, to satisfy the needs of people that cannot afford luxury goods: the leadership position of luxury brands across all markets is also supported by this shaping power. Luxury firms have so a double gain: the first is strictly related to profits and revenues, the second in terms of social involvement and responsibility, enhancing so the reputation of luxury producers.

It has been said that the introduction of recycled materials is positively perceived, but this statement must be cautiously taken, as we need a more precise contextualization (Cimatti, Campana, & Carluccio, 2017). For example, it has been noticed that gender matters: women are more sensitive to ecological topics and more willing in buying products made with recycled materials. Furthermore, this discrepancy is going to be higher both in men and women if there is no familiarity with the questioned brand. The quality and the brand reputation are obviously important variables and it seems that the relevance of ecological issues is not strong enough to influence customers' behaviors. Nowadays, this eco-friendly attitude (Achabou & Dekhili, 2013) is at its very beginning and it justifies the tendency to buy sustainable goods if and only if they provide the same benefits of "normal" goods; it means that products made with recycled materials are bought if and only if, for luxury goods, quality remains high and prestige is not negatively affected. For luxury consumers, even if they understand the relevance of the topic, recycling and prestige are two distinct concepts: they must stay separated to avoid the deterioration and the popularization of the image (Zhang & Zhao, 2012; Cervellon & Shammas, 2013). Probably, firms should use recycled materials not for the production of already successful products but for a line of new ones. In this way it should be possible to induce little by little an increasing interest about sustainability: awareness in ecologic problems has to be induced via education, by showing to consumers any positive result firstly on new products, before any radical change in the production is made (Dekhili & Achabou, 2016).

Recycling is definitely a good practice and it can be considered as well as a market and strategic opportunity for growth, that became the competitive advantage of some new firms that recently started up as sustainable companies.

Another interesting trend is about the employment of so-called "vegan leather" (Batat, 2019): it is a fabric substitute of real leather, generally bovine one, for those consumers that do not want to wear leather because of personal tastes or for ethical reasons. Even if the nature of vegan leather is obviously cruelty-free, the sustainable aspect is highlighted also by the fact that vegan leather is made by avoiding other toxic substances like PVC. The employment of not-toxic synthetic materials like canvases, nylons or eco-polyurethane shows the interest of the firm in providing garments and products that take into consideration the protection of the environment, animal rights and human health (D'Avolio, Pinna, Bandinelli, Rinaldi, & Terzi, 2018).

The experiences of many firms seem to support the idea that sustainability really matters. It has a great and good potential and it can really be stated as source of differentiation. Their products are not different in absolute terms: again, the difference is in the provided image, in the set of feelings and satisfaction these goods provide. What differentiate them from the common stereotyped luxury good is that they are made under different productive conditions, with awareness about human and/or animal dignity and by reducing as much as possible any waste of raw materials. The differentiation is pursued so in the way production has been possible and in the additional transmitted values (Barbaritano, Bravi, & Savelli, 2019). Moreover, the fact that they consider sustainability and responsibility as key core values can induce some improvements in terms of both CSR and then reputation, as a non-monetary gain to be reinvested and exploited in the long run (Gazzola, Sepashvili, & Pezzetti, 2016). As final remarks, it can be stated that sustainability is, on the one hand, a new profitable way to run differentiation of products and cope with competition, and it may also be seen as a new kind of source for the whole luxury industry; on the other one, sustainability is a clear engine for innovation, with impacts about backgrounding activities like R&D and relates to marketing and trades (Gregori & Marcone, 2018).

The link between innovation and sustainable luxury

Strictly linked to the idea of relationship marketing, also sustainability policies should be designed for a medium or long-term horizon. The sustainability challenge is nowadays occupying, as a new leading market strength, a crucial position for the definition and implementation of R&D and innovation policies. Sustainability and innovation are strictly related, since the second may be used as a tool to fix all problems related to the first, and vice versa. Sustainability problems can be a strong enough stimulus for firms, asked to bear stronger efforts in finding new innovative solutions and to be more attractive on the market.

Sustainability is able to induce not just product innovation, but process innovation. This happens through incremental or radical changes about the technological level, the organizational structure or in a commercial perspective. If innovation is process oriented, the company obviously need to review and rethink its business model and market strategies. It is so possible to speak about eco-innovation and environmental innovation, as any form of innovation that improves the environmental performances (Boon et al., 2012). Interesting is the definition given by the European Commission: "Eco-innovation is any form of innovation aiming at significant and demonstrable progress towards the goal of sustainable development, through reducing impacts on the environment or achieving a more efficient and responsible use of natural resources, including energy" (European Commission, 2007). Additionally, it is possible to define eco-innovation as all those actors developing new ideas, behaviors, products and processes that can introduce and enhance a reduction of environmental problems and promote the achievement of specific ecologic goals (Rennings, 2000). The idea of eco-innovation is used to link economics, management and environmental knowledge, by exploiting relative opportunities in terms of productivity, jobs and skills. By integrating this last statement with the definition provided by the European Commission, it seems that radical innovations, new business models and new approaches from producers and consumers about environment are both key issues and goals to be achieved (Crespi, Mazzanti, & Managi, 2016). Speaking about innovation through sustainability, it is necessary to have a look over the main involved variables. According to Pavione, Pezzetti and Dell'Ava (2016), the main drivers to be accounted are:

1. The control over the supply chain
2. Relationships with suppliers
3. The inclusion of environmental awareness within the business process
4. Improvement of better working conditions and Human Resources
5. Relationships with the local community.

The Balanced Scorecard as a tool for sustainability

In order to make innovation as sustainable, it is necessary to shape the R&D process as sustainable too. One possible way is the introduction of sustainability as core value of the firm and to consequentially educate employees, at each level, to properly behave. More precisely, as values we mean the set of all ethical, societal and personal believes and conducts aimed to drive the activity of the firm (Vandaele & Decouttere, 2012). Nevertheless, the incorporation of sustainable values is not easy, due to the polyhedral nature of sustainability itself. In this sense, it could be useful the exploitation of tools like the Balanced Scorecard (BSC). The BSC is a strategy performance practice employed to design and pursue managerial methodologies executing the activities of the staff under the control and monitoring activities of managers (Muralidharan, 2004). It is necessary to say that the BSC is not used to design a strategy, but it is used to implement and enforce it: so, it is a supportive describing tool that focuses over an already defined strategy. It is a device that, for a previously defined strategy, analyses the firm into four different perspectives: the financial perspective, to evaluate the economic success of the strategy; the customer perspective, defining the markets and segments of competition; the internal process perspective, to describe all internal patterns used to satisfy stakeholders' expectations; the learning and growth perspectives, to recognize all required infrastructures and tools to achieve the target (Figge, Hahn, Schaltegger, & Wagner, 2002).

Talking about sustainable R&D, managers have to take into account that it is necessary to account not only the economic dimension, but also the other spheres and dimensions involved, with a particular reference to the social one, if the target is the education of employees. However, this is really hard to implement, due to the fact that the evaluation of projects and their processes is mostly done with an economic perspective and estimations (Vandaele & Decouttere, 2012). The difficulty in understanding how to implement and integrate R&D and sustainability is linked to the multiple definition of sustainability in a business sense. The economic definition of the topic is internally divided in different frameworks (Lankoski, 2016), and it makes harder an organic and unique interpretation of the phenomenon. Economically speaking, we can speak about sustainability in four different ways: in a socioeconomic meaning, as synonymous of CSR, as long-term viability of the firm, and last as a wide system including the corporation. As firms need to identify the main actors to be involved in R&D, their organizational shape is widely affected; it is necessary to be cautious and sure in their selection and in the way, they run required activities.

Within the last economic definition of sustainability, in this particularly complex system environmental and social pattern are not always linked and leading to the economic success of the firm, making so not so clear what should be accounted and implemented. The BSC is here employed as a tool for the management of the activities of the corporation according to their strategic relevance. The selection process is done by accounting both quantitative and qualitative magnitudes and they can be rearranged in the Balanced Scorecard previously recalled. It is typically used with a top-down approach, according to which the management defines, communicate and coordinate the activities conducted at the lower hierarchical levels, with the aim to achieve simultaneously economic, ecological and social goals.

The inclusion of sustainability in the BSC as core value is possible in different ways: by integrating the already existing and listed tools, by introducing environmental topics as additional social patterns or by designing a new specific BSC. The last alternative probably is the best one, due to the fact that the first two ones may give not enough relevance to sustainability, by including it but by with a lower consideration. For instance, the creation of a new Sustainable Balanced Scorecard (SBSC) as a collateral and independent device could give to the firm a more precise and clear description of the situation: the strength of a new different SBSC is its ability to highlight the strategic relevance of social and ecological aspects. The design of a new SBSC is possible by first integrating a new managerial perspective that includes not only the economic aspect, but also the environmental and social aspects: this to fit the whole strategy of the firm. The creation of a SBSC suggests that it is necessary to approach problems with both market and non-market perspectives (Figge, Hahn, Schaltegger, & Wagner, 2002). The problem related to this kind of SBSC is that it is strictly hierarchical with a top-down approach: problems related to this kind of structure are about the possibility of a highly bureaucratic organization with a low degree of flexibility, as it is a management oriented approach and managers may start to act in their own interests. Probably, both BSC and SBSC should be defined in a more organic and inclusive way, in order to stimulate both top-down and bottom-up communications, giving also the opportunity to employees to experiment something new and different or to make their own proposals, with a positive impact about human capital and sustainability in a more social meaning. Moreover, the creation of two separate Balanced Scorecards, as a work duplication, is expansive both in terms of money, time and management, due to the fact the basically the costs related to analysis and studies could be higher. It is also time wasting and hard to manage, due to the fact that two different tools must vehicle the performance to the same result, under the same conditions. Moreover, this unidirectional structure may lead to some ignorance towards last market trends such as innovation, knowledge development and intangible assets (Hansen & Schaltegger, 2016).

Moreover, because of the previously recalled market tendencies, i.e. new knowledge management, human capital and innovation, the employment of structures based on cause-effect relationships are no longer able to fit the situation at best. Because of this, it could be possible to argue that any Balanced Scorecard, including Sustainability ones, should promote the creation and development of networks that introduces and standardizes over time feedback and multilateral connections and communications as well, due to the fact that firms try to reach several goals to satisfy several stakeholders. The advantages of introducing a network shape are related to a better exploitation of knowledge to manage both relationships and the whole process. Nevertheless, due to the fact that the introduction of a SBSC promotes a complete renovation of organization, hierarchical solutions and distinctive Balanced Scorecards remains the more common and probably practical solutions.

For instance, after designing both the normal BSC and the SBSC, the next challenge for the management is to avoid any conflict about the two different systems in pursuing the same strategy. One way to surpass this ambiguity is the assumption of a polyhedral point of view, by so trying to assuming interdependent and trans-sector competences through the creation of a network with internal and external strong communications, so with the involvement of different actors and stakeholders (Lankoski, 2016). Specifically, a good communication is necessary to engage employees to achieve a specific goal; moreover, both internal and external stakeholders can easily understand managerial and productive dynamics, making the activity of the firm sustainable, in a meaning of higher understandability and trustfulness. The last point is pursued with the provision, employment and description of transparent and clear performance indicators, that may be easily understood also by people from different educational backgrounds. As a supportive tool, firms are currently used to publish, jointly to the balance sheets, an additional document collecting and showing all that qualitative aspects that numbers are not able to provide and also give some descriptions and explanations about variables and measures for quantitative analysis. Obviously, all measures must fit with the financial perspective provided by the BS, to better understand what is specifically gone better or not, or if final results satisfy stakeholders' expectations.

Conclusions

Even if nowadays the importance of sustainability is a fact, it is also true that this create no value if its communication is not effective. Sustainability and transparency are reciprocal enhancer and supporter. Particularly, transparency is pursued via accountability, as one of the most direct and effective tools linking the firm with stakeholders and the whole society in general: transparency is seen as a solution for the creation of a civil and conscious democratic society. Nowadays, transparency is not just about the right-to-know of consumers, but it is assuming a strategic relevance also for firms: the disclosure of what the firm did in the past is nowadays considered as an asset affecting the reputation, and so its future performances (Mol, 2015). In general, transparency is an activity devoted to the disclosure of information to other agents, for ethical, economic, political or social reasons. Such information makes results achieved clear and understandable. Here, a key role is played by a well working accountability system able to clearly connect the embodied development of the firm with financial, economic and social results, in order to have a stronger collaboration and communication with both internal and external stakeholders (Iles & Martin, 2013). The advantage of a clear accountability system is related to the fact that reputation is improved by this sense of honesty and disclosure of the firm, with a potential improvement a sense of trustfulness and loyalty in consumers and markets.

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