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The Economic Impact of the Luxury Fashion Industry: Dior Case

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Summary

Luxury fashion effectively counters touristic seasonality by attracting visitors year-round through a series of strategically timed events, such as Paris Fashion Week, and the release of exclusive, limited-edition products. This continuous draw helps stabilize tourism, providing a steady influx of visitors even during traditionally low tourist periods. The cultural appeal and heritage of luxury brands like Dior further enhance this effect, offering unique experiences that transcend typical tourist seasons.

Additionally, the luxury fashion industry generates substantial direct and indirect economic benefits, supporting related sectors such as hospitality, dining, and transportation. By diversifying economic activity, luxury fashion ensures consistent economic contributions throughout the year. The global adaptability of luxury brands allows them to mitigate localized seasonality effects, optimizing performance across various markets. In conclusion, luxury fashion plays a significant role in creating a stable and sustainable tourism economy, effectively mitigating the challenges associated with touristic seasonality.

Key words

Luxury; Fashion; Seasonality; Sustainability; Economy

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1. Introduction

Have you ever thought of luxury fashion as a sustainable tool able to stabilize a region against seasonality?

The main objective of this investigation is to prove how luxury fashion is used in cities and regions around the globe as a way to decrease seasonality.

To reach this objective the structure of this investigation is divided into 5 points including this introduction in which we will focus on the company Dior, the conglomerate LVMH, leader of the luxury fashion market and finally the impact fashion week has in France.

Following the introduction we will do a brief overview of the luxury fashion industry in Paris (France) focusing on the market size and growth trends, as well as, the economic impact on the local and national economy.

Getting deeper into the economic aspect of the investigation, an in depth analysis of the financial performance of Dior, this will be divided into the financial performance done between the years 2018 until 2022 as well as the impact Covid-19 had in the company.

Later on, the accounting practices performed in the company will be studied through the revenue recognition and sales forecasting, followed by the cost management and pricing strategies with special notions on the latter.

Lastly, the economic implications and challenges, focusing on the socioeconomic impact on the local communities and stakeholders with special attention to the social responsibility of Dior as well as their environmental responsibility. The investigation of these economic impacts will be followed by the employment generation and workforce dynamics of Dior as well as the supply chain.

All leading into the final conclusions the investigation gathered.

1.1.Dior

Dior has had some of the most turbulent history of any heritage brand. They've had not one, but two head designers fired, and they've come back from the brink of collapse at least four times. But now they're one of the most respected and beloved brands for both men's and womenswear. So how did they survive so long?

In the wake of World War II, Dior quickly opened his couture and showed his debut collection less than three months after the company was formed on 12 February 1947. The collection single handedly reignited french couture to its former glory from before the war, and saw his house become so instantly successful that by only the following year, in 1948, he'd already opened a ready to wear store on Fifth Avenue in New York and expanded the business into licencing perfumes and by the end of 1949, Dior made up 75% of Paris's fashion exports and 5% of France's total export revenue decades before globalization.

In 1957, Dior would unexpectedly pass away from his third heart attack on the 24 October. As was the norm at the time, there was talk of shutting down the label altogether, but because it was so impactful not only to fashion but to France's GDP. The company decided to honor Christian Dior's wish that he would be succeeded by Yves Saint Laurent , who would show his first collection spring summer 58, just a few months after his mentor's death.

Not only this was a key decision but one of the most remarkable impacts the house has ever had on the Haute Couture industry, the succession of head designers.

This decision would not last long, Yves Saint Laurent had a very different vision than Dior's executives , making the designer take the decision to part ways with the brand & start his own brand known nowadays as Yves Saint Laurent (YSL) direct competitor of Dior.

What was once a huge success and impact became later on a poor choice and a loss in the long run.

1.2. LVMH

It is needed to point out the conglomerate behind the maison, LVMH, to understand the current impact this brand has in the sector.

Highsnobiety tells us that LVMH stands for Louis Vuitton Moët Hennessy. A French multinational luxury goods conglomerate that was formed in 1987 through the merger of fashion house Louis Vuitton, champagne and spirits company Moët et Chandon, and cognac manufacturer Hennessy.

Established in 1987 with its HEADQUARTERS in Paris, France, the conglomerate was founded by Bernard Arnault (Current CEO) and Alain Chevalier.

“LVMH (Louis Vuitton Moët Hennessy) is a conglomerate, meaning it is a corporation that consists of multiple distinct businesses operating in different industries. LVMH’s businesses span across the luxury goods sectors of fashion and leather goods, perfumes and cosmetics, watches and jewelry, wines and spirits, and selective retailing. By owning and managing multiple luxury brands, LVMH is able to leverage synergies between its businesses and benefit from economies of scale in areas such as marketing, distribution, and procurement. LVMH’s status as a conglomerate has also allowed it to weather economic downturns and changes in consumer trends by having a diversified portfolio of brands.” Highsnobiety. (s.f.)

Digging into the conglomerate and its brands, Highsnobiety highlights that LVMH (Louis Vuitton Moët Hennessy) owns a diverse portfolio of over 75 luxury brands (2021) in various sectors such as fashion and leather goods, perfumes and cosmetics, watches and jewelry, wines and spirits, and selective retailing. Some of the most notable brands under LVMH include:

- Fashion and Leather Goods: Louis Vuitton, Christian Dior, Fendi, Celine, Loewe, Kenzo, Marc Jacobs, Emilio Pucci, Givenchy, and Berluti.
- Perfumes and Cosmetics: Guerlain, Parfums Christian Dior, Benefit Cosmetics, Fresh, and Givenchy Beauty.
- Watches and Jewelry: Bulgari, Tag Heuer, Hublot, Zenith, Fred, Chaumet, and Tiffany & Co. (acquired in 2021)
- Wines and Spirits: Moët & Chandon, Veuve Clicquot, Dom Pérignon, Hennessy, Glenmorangie, Ardbeg, and Belvedere Vodka.
- Selective Retailing: Sephora, Le Bon Marché, La Samaritaine, DFS, and Starboard Cruise Services.

LVMH tells us on their official website that since its founding in 1987 deployed a business model marked by creative momentum and a constant quest for excellence. The Group drives long-term momentum to develop its 75 Maisons, respecting their distinctive identities. Throughout the world they are all ambassadors of our vision of a refined art de vivre.

They are responsible for more than a 100 runway shows in the French capital over the year, bringing Renowned models, celebrities and spectacles, adding value to each street of Paris gathering millions of tourist in june/september as the peak months, whether it is Haute Couture fans or celebrities' fans in hope of meeting their favorite artist in Paris.



Dior's cruise collection June 2022 in Seville, El País García, P. (2022, June 16).

1.3. Fashion week

“Paris Fashion week happens 4 times a year, in the months of February, June, July & September. The expectation over these weeks makes these 4 months impact greatly on tourism in the fashion capital. Paris peak season comprises the months of June, July & August, However, Paris is not that much affected by seasonality as other mediterranean countries, The Fashion weeks act as an stabilizer for tourisms backing september, may & october, the so called “shoulder season” & the “Off season” comprised of the months of february, march and November.. *Mission*. (2024, 23 april). LVMH.

The text emphasizes the substantial influence of LVMH, a leading luxury conglomerate, on Paris's status as a global fashion hub. Since its inception in 1987, LVMH has cultivated a business model that thrives on creativity and excellence, supporting the distinct identities of its 75 Maisons and reinforcing them as ambassadors of refined art de vivre. The group's impact is particularly notable in Paris, where it orchestrates over 100 runway shows annually. These events, featuring renowned models and celebrities, significantly enhance the city's appeal, drawing millions of tourists during peak months like June and September. This influx is primarily driven by haute couture enthusiasts and celebrity fans.

Paris Fashion Week, which occurs four times a year (February, June, July, and September), plays a crucial role in boosting tourism, particularly during these months. The events stabilize tourism rates throughout the year, including during shoulder seasons (September, May, October) and off-season months (February, March, November), distinguishing Paris from other Mediterranean destinations typically affected by seasonality.

Linking this to the previous text, both passages underscore the integral role of the fashion industry in Paris's economy and cultural identity. The city's global fashion influence, supported by institutions like the Fédération de la Haute Couture et de la Mode and major events like Paris Fashion Week, not only bolsters its economic vitality through tourism but also reinforces its image as the epitome of luxury and haute couture, hosting significant players like Dior and LVMH. Together, these elements contribute to Paris's enduring allure as the fashion capital of the world, illustrating the symbiotic relationship between the city's cultural heritage and its modern economic drivers.

Paris has numerous monuments & tourist attractions but it is important to remember that these activities of cultural and social interest are also 1 of the most important aspects of the city, next to the Louvre, The Eiffel tower or L'arc de triomphe.

Choose Paris Region tells us in *Fashion & Luxury* that It is common knowledge that France invented Haute Couture with Paris being arguably the symbol of elegance and luxury. Beyond Paris Region's unrivaled cultural heritage, the Fashion industry is a major contributor to France's GDP - 3.1%, more than the automotive industry - and employment with over 600,000 jobs in this industry.

This sector gathers € 154 bn Direct Turnover By The French Fashion Industry & 30 % Of The Global Industry Market Is Held By French Fashion Luxury Maisons The Fédération de la Haute Couture et de la Mode seeks to promote French fashion culture bolstering Paris in its role as an international fashion capital by coordinating Paris Fashion Week. Historically, the Paris Region has always been a major reference for fashion and luxury. Paris Region is home to several Haute Couture Maisons such as Dior. Fashion & Luxury. (s. f.). Choose Paris Region.

This passage highlights the significant role that the fashion industry plays in France's economy and cultural identity, particularly in Paris. France, recognized as the birthplace of haute couture, has Paris at its core, symbolizing luxury and elegance. The fashion sector contributes notably to the national GDP—3.1%, surpassing the automotive industry—and supports over 600,000 jobs. French fashion luxury houses account for 30% of the global industry market, emphasizing their global dominance. The Fédération de la Haute Couture et de la Mode actively promotes French fashion, helping to maintain Paris's status as an international fashion capital through events like Paris Fashion Week. This long-standing tradition underscores the Paris Region as a pivotal center for fashion, housing major haute couture houses like Dior, House we will focus on in this project.

Phillips highlights Focusing on Dior. The French brand, which dates back to the 1940s, has been providing customers all over the world with some of the most beautiful garments, whether it's a ready-to-wear dress fit for a cocktail party, or a haute couture, red carpet gown that will command the attention of everyone in the room.

Christian Dior's eponymous brand is also one that has stood the test of time, evolving with each creative leader that has walked through its doors. The fashion house has hosted some of the most incredible talent in the industry and will surely continue to do so for years to come.

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Wilkinson, I. (2023, January 23). Dior's haute couture spring-summer 2023 honors Josephine Baker. *The Hollywood Reporter*.

2. The Luxury Fashion Industry in Paris : An Overview

Fashion transcends mere aesthetics to become a pivotal element in the cultural and economic framework of France. This assertion is emphasized by influential figures in the industry such as Pascal Morand, who highlights the multifaceted nature of fashion products. Beyond its surface, the fashion industry, especially exemplified by events like Paris Fashion Week, plays a significant role in shaping economic activities and cultural trends. Paris Fashion Week not only showcases artistic expression but also drives substantial economic impact and innovation within the global fashion scene, reflecting broader social and economic shifts, including the push towards sustainability.

Morand, P. (n.d.). noted, "Fashion is an important aspect of the French economic and cultural landscape. In order to understand its significance, we must first understand the true reality of fashion products. In my opinion, the fashion product has four characteristics: it has an aesthetic and artistic dimension, it is often associated with a designer and a brand, it results in short cycles and rapid renewal, it is in a current trend and can sometimes determine future trends" (para. 1).

Furthermore, Morand notes that Paris Fashion Week, held for both haute couture and men's and women's fashion, spans more than 38 days of the year. It is by far the most international fashion week: 50% of the brands exhibiting are non-French, irrespective of the major international openings of French brands. (Morand, s.f., para. 13).

"The economy of Paris Fashion Week is important in its own right. The exhibitions and related events generate more than 400 million euros a year, not counting the trade fairs linked to Fashion Week, which are attended by tens of thousands of professionals from all over the world, with a total expenditure of more than 1.2 billion euros a year. Undoubtedly, the digital revolution, which already influences all levels of the value chain, is transforming fashion. It has led to greater individualization of products and services, the promotion of uniqueness and the continuous development of knowledge: a code of conduct whose benchmark is haute couture. French fashion is also facing the challenges of sustainable development. The brands that embody French fashion will address this issue in the coming years to ensure that their ecological and social reliability becomes the foundation of their identity" (Morand, n.d., para. 14 y 15).

The insights provided by Pascal Morand, coupled with the statistics surrounding Paris Fashion Week, illuminate the profound influence of the fashion industry on France's economy and culture. As fashion evolves in the face of digital transformation and sustainability challenges, its impact only seems set to deepen, shaping both economic landscapes and cultural identities. This dynamic sector remains a critical component of French national pride and an engine for both cultural expression and economic vitality.

2.1 Market size and growth trends.

To understand the market size luxury fashion holds in France, we first must know the basic data focusing on the global market.

“The global luxury fashion market size reached US\$ 245.5 Billion in 2023. Looking forward, IMARC Group expects the market to reach US\$ 327.1 Billion by 2032, exhibiting a growth rate (CAGR) of 3.14% during 2024-2032. The rising number of affluent consumers and their inflating income levels, growing aspiration for exclusivity and uniqueness, power of branding and brand equity, increasing influence of social media and digital platforms, and rapid globalization are some of the major factors propelling the market.” Group, I. (s.f.). *Luxury fashion market size, share, industry analysis 2024-32*.

Basing our knowledge around this data, we gather that the market size is wide & continuously in expansion with an impressive growing rate, this rate directly translates into a good base for income and impact in certain zones around the globe, zones that explode this type of products, in our case Paris (France), however we still need more data to form a clear idea around the impact.

How did this market reach such highs and growing rates?

We must focus on 5 segments: The major market drivers, Key market trends, The competitive landscape, Geographical trends & last but not least, challenges & opportunities.

1. Major market drivers.

“ The increase in affluent consumers, along with their rising purchasing power is driving the growth of the market across the globe. The rising interest in luxurious and prestigious fashion items is fueling the market growth which is due to more individuals attaining higher levels of wealth. The growing demand for uniqueness and exclusivity is further boosting the demand for luxury fashion.”

2. Key market trends.

“The increasing integration of digital technologies in the fashion industry is influencing the market trends. The widespread adoption of technologies, including online shopping, virtual showrooms, and augmented reality experiences are attracting consumer engagement and accessibility to luxury brands. The rising influence of social media dot com and influences play a significant role in shaping trends and driving brand awareness in the luxury fashion industry trends.”

3. Competitive landscape.

“Some of the major market players in the global luxury fashion market include Burberry Group Plc, Capri Holdings Limited, Chanel S.A., Diesel S.p.A. (OTB Group), Dolce & Gabbana S.r.l., Giorgio Armani S.p.A., Industria de Diseño Textil S.A., Kering SA, LVMH

Moët Hennessy Louis Vuitton, Prada S.p.A., PVH Corp., Ralph Lauren Corporation, Rolex SA, and among others.”

4. Geographical trends.

“Europe accounted for the largest region in the luxury fashion market as it is one of the largest consumer markets for luxury goods. The region is well known for its rich heritage, iconic brand, and craftsmanship which is driving the luxury fashion market in Europe. The region holds the most prestigious fashion houses, such as Chanel, Gucci, and Louis Vuitton which represent quality, innovation, and elegance.”

5. Challenges & Opportunities.

“The luxury fashion market faces challenges like adapting to digital transformation, rising sustainability concerns, and routing the unstable global economy. The shift in consumer values towards ethical production and environmental stewardship demands a revaluation of supply chain and materials. However, embracing digital innovation provides new ways to engage consumers, while the shift towards sustainability opens avenues for creativity in eco-friendly designs and practices which is likely to create new opportunities in the market.” Group, I. (s.f.). Luxury fashion market size, share, industry analysis 2024-32.

Summarizing, as wealth and disposable income increase, consumers gain greater access to luxury fashion items, which were previously beyond their reach. This surge in affluent buyers drives growth in the luxury market, compelling brands to innovate and offer unique, high-quality products. In response, luxury brands like Prada have expanded into new sectors like skincare and cosmetics, following successful models by Tom Ford, Chanel, Hermes, and Dior. These expansions help increase the market share of these luxury fashion houses.

Luxury brands focus on exclusivity by creating limited edition items and engaging in high-profile collaborations, which appeals to consumers' desires for uniqueness and social status. For example, Givenchy's collaboration with Tao Liang, or Mr. Bags, to release a limited edition Voyou bag exclusively in China, underscores this trend.

Moreover, luxury brands strive to build strong brand equity through quality craftsmanship, unique collaborations, and effective storytelling, enhancing consumer trust and willingness to pay a premium. Initiatives like Emporio Armani's partnership with Tread Freedom highlight a commitment to sustainability, reinforcing brand values and customer loyalty, which are crucial for maintaining a competitive edge and driving the luxury market.

Leaders in the luxury fashion industry continuously innovate and enhance their product lines by investing in research and development. This effort aims to discover new materials, techniques, and styles that captivate consumers and establish fashion trends. Furthermore, these brands dedicate substantial resources to building a strong brand identity through effective storytelling,

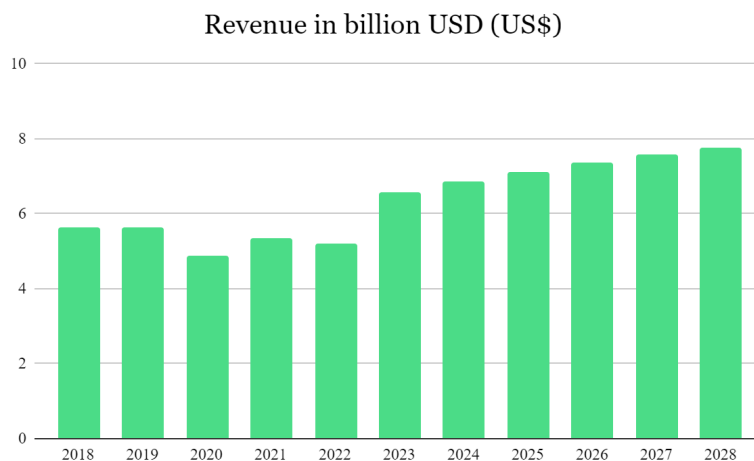
highlighting their heritage and values. This often involves collaborations with famous designers, artists, and celebrities to generate excitement and strengthen consumer connections.

In addition to product innovation, luxury fashion brands focus on creating a superior customer experience. They enhance their retail environments to offer a more luxurious and immersive shopping experience complete with personalized services, VIP programs, and exclusive in-store events. On the digital front, they strive to provide a seamless online shopping experience through user-friendly websites, mobile applications, and efficient delivery systems to meet the increasing demand for e-commerce.

The report also profiles major players in the global luxury fashion market, including Burberry Group Plc, Capri Holdings Limited, and Chanel S.A., among others. It details significant developments such as Burberry's acquisition of the Italian supplier Pattern to strengthen its outerwear production, Dolce & Gabbana's establishment of a new company for managing its beauty products, and Chanel's investment in a climate adaptation fund aimed at supporting sustainable practices and small-scale farmers. These actions underscore the strategic moves by luxury brands to expand their influence and adapt to both market and environmental challenges.

In our case we have scope for France since we focus on the impact of this product in the region.

“In France, the revenue generated in the Luxury Fashion market is estimated to reach US\$6.85bn in 2024. It is projected to experience an annual growth rate of 3.17% (CAGR 2024-2028). When comparing it to other countries worldwide, the United States leads the market with a revenue of US\$27,670m in 2024. In terms of per capita income, each person in France is expected to generate US\$105.60 in revenue in 2024. France's long-standing reputation for luxury fashion is evident in the country's thriving haute couture industry and iconic fashion houses.” Statista. (s. f.).



Adapted from Statista. (s. f.). *Luxury Fashion - France | Statista market forecast.*

2.2. Economic impact on the local and national economy.

Given the well-documented financial performance of Dior and its substantial contributions to the growth and expansion of the market, it is essential to examine the broader societal impacts exerted by such a prominent brand on both the national community of France and the local milieu of Paris. Dior, as a flagship of the luxury fashion industry, plays a pivotal role in shaping economic and cultural landscapes. At the national level, Dior significantly influences France's economic health through substantial employment opportunities, from artisanal craftsmanship to retail and corporate roles. This employment not only provides livelihoods but also helps to sustain and transmit specialized skills and knowledge that are a hallmark of the French luxury tradition.

Moreover, Dior contributes to France's GDP not only directly through revenue generation but also indirectly via tourism. Paris, being a global fashion hub, attracts millions of visitors eager to experience its haute couture and luxury shopping, much of which can be attributed to the allure of Dior's flagship stores and its heritage in the fashion industry. The brand's activities and its association with high-profile fashion events, such as Paris Fashion Week, further bolster the city's status as a key destination in the international fashion scene, enhancing its cultural cachet and economic vitality.

On a community level, Dior's influence extends to various philanthropic efforts and community engagement activities that aim to enrich the local culture and support sustainable development initiatives. These include arts and education sponsorships, as well as partnerships with local artisans and small businesses that help preserve traditional crafts that are integral to French cultural heritage.

In addition, Dior's commitment to sustainability and ethical practices resonates throughout its operations, influencing industry standards and community practices in Paris and beyond. This commitment is manifested in initiatives aimed at reducing the environmental impact of production processes and promoting more sustainable consumption patterns among consumers.

Thus, the impact of Dior on the national and local communities of France and Paris is multifaceted, encompassing economic, cultural, and environmental dimensions that reinforce its role not just as a business entity but as a cultural ambassador and a pivotal player in the sustainable future of fashion.

The Joint Economic Committee noted in 2020 that Fashion- and apparel-related industries employ workers in professions requiring an increasing range of highly technical education and skills.⁸ For instance, computer-aided design helps designers turn concepts into samples and helps manufacturers move from prototype to finished product on an accelerated timetable. Jobs in these fields, which typically require more education and training, hold the prospect of higher wages. Fashion designers, the creative force and focal point of the industry, are among the

highest paid workers in the fashion industry, earning an average of \$78,870 annually across all industries.

Fashion designers are concentrated in apparel industries such as manufacturing and wholesale merchandising, but also are strong in other sectors, such as motion picture and video.

The apparel manufacturing industry employs nearly 123,000 workers in the United States. Employment in the industry still includes occupations traditionally associated with apparel manufacturing, such as sewing machine operators, tailors and textile machine operators and patternmakers. However, the shift to higher-value parts of the process means that today's manufacturing jobs include a number of higher-paying occupations such as market research analysts who earn \$67,200 annually on average, and computer professionals, who earn \$77,270 on average.

The wholesale apparel merchandising sector employs over 147,000 individuals. These include business operations specialists whose annual earnings average \$66,770; graphic designers earning \$55,770, on average; and production, planning and expediting clerks earning \$50,720, on average.

The majority of fashion and apparel jobs are in the retail sector, with over 1.4 million individuals employed throughout the country in apparel retail establishments. These jobs, which range from clerks to managers and executives, pay nearly \$29,500, on average.”

“Fashion- and apparel-related industries employ workers in professions requiring an increasing range of highly technical education and skills. (Joint Economic Committee, 2020, para. 1).

Dior's influence extends far beyond its financial success and market size, playing a critical role in the economic, cultural, and environmental spheres of France and particularly Paris. The brand not only contributes significantly to the national economy through job creation and its impact on tourism but also enhances the cultural prestige of Paris as a leading fashion capital. Through its community engagement and sustainability initiatives, Dior actively participates in the preservation of French heritage and promotes responsible business practices. As such, Dior stands as a powerful cultural ambassador, its activities reverberating throughout the local and national levels, ensuring the brand's legacy and its positive impact on society are both sustained and celebrated.

Furthermore, it is important to emphasize the versatility of this market to adapt fast to change. The ability of businesses within this sector to swiftly alter their strategies in response to shifting consumer demands and technological advancements is remarkable. This adaptability not only ensures their survival but also fosters a competitive environment that continually drives innovation and improvement. As a result, the market not only remains relevant but often sets the pace for industry standards, adapting its products and services to meet emerging trends and expectations effectively.

Furthermore, the Joint Economic Committee stated that Social media and mobile technologies have fueled the rise of the 'street-style' global phenomenon, where consumers take their style cues from viral photographs and videos of street fashionistas on social media from around the world. Street-style has led to the implementation of a visual search feature which allows a viewer to identify a specific piece of apparel from social media and direct them to where it can be purchased. The proliferation of pictures and video generated by social media has sped up the development, purchase and disposal cycle, as social media producers and consumers constantly seek the next new thing. As a result, apparel manufacturers have had to adapt from a 'push' model based on market forecast and sales estimates, to a 'pull' model where demand data are constantly available but also constantly shifting. This adaptation has had huge implications for manufacturers. As a result, the low cost manufacturing of enormous volumes in countries across an ocean with low labor costs no longer make economic sense, but instead forces the entire supply chain to focus on small-batch, fast turnaround products to meet fast-changing consumer tastes. The opportunities now lie toward reshoring the manufacturing in the same country where the item is purchased or, if that is not economically viable, 'near-shoring' in a country immediately bordering the country market where the item will be consumed, such as Mexico to the U.S. market.

Fashion- and apparel-related industries employ workers in professions requiring an increasing range of highly technical education and skills (Joint Economic Committee, 2020, para. 1).

In summary, Dior not only significantly contributes to France's economy through job creation and boosting tourism but also elevates Paris's cultural prestige as a fashion capital. The brand's impact extends into community engagement and sustainable practices, promoting the preservation of French heritage and advocating for responsible business operations. Moreover, Dior's influence on the fashion and apparel industry underscores its role as a cultural ambassador, enhancing both local and national spheres socially, economically, and environmentally. Additionally, the brand's ability to swiftly adapt to changing consumer demands and technological advances showcases its leadership in driving innovation and setting industry standards, further cementing its legacy and positive societal impact.

3. IN DEPTH ANALYSIS OF THE FINANCIAL PERFORMANCE OF DIOR

Dior, a quintessential emblem of French luxury and elegance, has long been at the forefront of the haute couture industry, shaping fashion trends globally while contributing significantly to cultural and economic landscapes. Founded in 1946 by the visionary designer Christian Dior, the brand has evolved to represent more than just high fashion; it embodies a rich tradition of craftsmanship and innovation within the Parisian and broader French context. This analysis will delve into the various dimensions of Dior's operations, examining its market influence, artistic contributions, and socio-economic impact. By exploring how Dior sustains its legacy through strategic brand management, collaborations, and community engagements, we will uncover the depth of its imprint on both the fashion industry and global culture. This assessment will also highlight how Dior navigates the challenges of modernity while maintaining its heritage, thus securing its position as a leader in the competitive world of luxury fashion. Dior, a leading luxury fashion brand, showcases its robust financial performance through a comprehensive analysis of key metrics as of June 30, 2023, December 31, 2022, and June 30, 2022.

Financial Performance			
In million of euros and percentage	June 30th, 2023	December, 31st 2022	June 30th, 2022
sales	42,24	79,184	36,729
gross margin	29,317	54,196	25,311
gross margin as a percentage of sales	69,40%	68,40%	68,90%
operating income	11,571	21,05	10,232
operating margin as a percentage of sales	27,40%	26,60%	27,90%
net income	8,879	14,702	6,915
net income, minority interests	5,367	8,905	4,237
net income, group share	3,512	5,797	2,678
cash flow from operations	14,504	26,765	12,928
operating investments	3,564	4,969	1,882
available operating cash flows	1,798	10,11	4,043
equity, group share	20,097	19,038	17,133
minority interests	36,908	35,276	33,191
total equity	57,005	54,314	50,324
net financial debt	12,301	8,867	10,885
net financial debt / total equity	21,60%	16,30%	21,60%
Earnings per share			

(In euros)	June 30th, 2023	December 31st, 2022	June 30th, 2022
consolidated earnings per share			
Net income, Group share	19,47	32,13	14,85
Net income, Group share after dilution	19,45	32,11	14,85
Dividend per share			
Advance	(b) 5,5	5	5
Balance	n.a	7	n.a
Total Gross amount for the period	5,5	12	5

(Adapted from Christian Dior, s.f.)

Analysis of Dior's Financial Performance

The table outlines Dior's financial performance at three points in time: June 30, 2023, December 31, 2022, and June 30, 2022. Below is a detailed analysis of the key metrics:

Sales and Margins

- Sales: Sales have increased from €36.729 million in June 2022 to €42.24 million in June 2023, indicating growth. There is a significant seasonal peak in December, with sales reaching €79.184 million in December 2022.
- Gross Margin: The gross margin as a percentage of sales is consistently high, ranging from 68.4% to 69.4%, showing effective cost management.

Operating and Net Income

- Operating Income: Operating income margins are stable around 27%, reflecting strong operational efficiency. Operating income increased from €10.232 million in June 2022 to €11.571 million in June 2023.
- Net Income: Net income has risen from €6.915 million in June 2022 to €8.879 million in June 2023, with a higher figure of €14.702 million in December 2022, consistent with higher sales during the period.

Cash Flow and Investments

- Cash Flow from Operations: Operating cash flow shows a robust increase from €12.928 million in June 2022 to €14.504 million in June 2023, indicating strong cash generation.
- Operating Investments: Investments increased significantly from €1.882 million in June 2022 to €3.564 million in June 2023, suggesting expansion or upgrading of operations.

- Available Operating Cash Flows: Available operating cash flow decreased to €1.798 million in June 2023 from €10.11 million in December 2022, implying higher cash usage in operations or investments.

Equity and Debt

- Total Equity: Total equity has been steadily increasing from €50.324 million in June 2022 to €57.005 million in June 2023, indicating financial strengthening.
- Net Financial Debt: Debt levels have increased in 2023, but the debt-to-equity ratio remains stable and relatively low at 21.6%, indicating manageable leverage.

Earnings and Dividends per Share

- Earnings per Share: Earnings per share have increased significantly from €14.85 in June 2022 to €19.47 in June 2023, showing strong profitability growth.
- Dividends per Share: Dividends are consistently paid, with an increase in total dividends in 2022, reflecting confidence in future earnings. The advance dividend for June 2023 is €5.5 per share.

Dior's financial performance demonstrates robust growth in sales, margins, and profitability. The company has maintained strong operational efficiency and cash flow generation while making significant investments. The equity base is strengthening, and although debt has increased, it remains at a manageable level. Earnings and dividends per share indicate healthy returns to shareholders, underpinning Dior's solid financial health and growth prospects.

Importance in the Luxury Fashion Market

These highlights underscore Dior's robust financial health and strong market position, indicating its importance in the luxury fashion market. Key points include:

- Market Leadership: Consistently high gross margins and strong sales growth indicate Dior's ability to maintain premium pricing and strong demand for its products.
- Operational Efficiency: Stable operating income margins demonstrate efficient management and operational prowess.
- Investment in Growth: The significant increase in operating investments suggests Dior is actively expanding and upgrading its operations to stay competitive.
- Financial Stability: Increasing equity and manageable debt levels highlight Dior's solid financial foundation, essential for sustaining long-term growth and weathering economic fluctuations.
- Shareholder Confidence: Growing profitability and regular dividends indicate strong performance and confidence from shareholders.

Dior's financial performance, marked by strong growth, high margins, and robust profitability, underscores its significant role and competitive strength in the luxury fashion market. The

company's ability to generate substantial cash flows, invest in growth, and maintain financial stability positions it well for continued success and leadership in the industry.

In the world of high fashion, few names resonate as deeply as Dior. Established in 1947, the brand has become emblematic of French luxury, marrying its rich heritage with a forward-thinking approach to design and marketing. This analysis delves into Dior's strategic positioning, exploring how the brand leverages its storied past and innovative collaborations to maintain its status as a bastion of elegance and artistic expression. By examining key partnerships and dynamic fashion shows, we can understand how Dior continues to captivate and expand its audience in the competitive luxury market.

"Dior's brand strategy revolves around its French origin and heritage dating back to 1947, as well as its commitment to creativity and artistic expression. Dior's brand positioning is synonymous with elegance, luxury, and femininity. The brand positions itself as a symbol of timeless sophistication and couture craftsmanship" (Tbh, 2024).

Creative Crossovers: Tbh Reminisces back In the 1930s, collaborating with artists like Elsa Schiaparelli and Max Ernst infused artistry and imagination into Dior's DNA, setting them apart. In 2021, partnering with musician Travis Scott for a menswear collection broke boundaries, attracting a new generation (Tbh, 2024).

Immersive Experiences: Tbh remembers us, Dior's 2023 autumn/winter show wasn't just a catwalk; it was an art installation. The floating floral display by Joana Vasconcelos captivated attendees and set the tone for a season filled with wonder. This immersive experience goes beyond showcasing clothes; it creates a memorable moment that generates online chatter and reinforces Dior's association with innovation and artistry (Tbh, 2024).

In the competitive landscape of luxury fashion, Dior has masterfully used its brand ambassadors to bridge the gap between timeless elegance and contemporary relevance. By enlisting a diverse array of global celebrities, Dior not only enhances its brand visibility but also strengthens its cultural resonance across different demographics.

"Dior puts a face (or several) to their name, leveraging A-list ambassadors to amplify their message and connect with diverse audiences. Dior's roster is a map of international stars. From K-pop groups like TXT to Hollywood actors like Robert Pattinson, they cater to specific demographics while maintaining global recognition. This multilingual approach expands their reach and resonates with international audiences" (Tbh, 2024).

In conclusion, Dior's strategic use of brand ambassadors has proven to be an invaluable asset in enhancing its brand equity and global presence. By aligning with icons from varied cultural backgrounds and industries, Dior not only sustains its legacy of elegance but also connects authentically with a broader, more diverse audience.

Dior's financial performance is a testament to its robust business strategy and global appeal. An examination of the company's revenue trends offers insights into how strategic initiatives like

product diversification and market expansion contribute to its financial growth. This section analyzes the factors behind the steady increase in Dior's revenue figures.

Tbh highlights that Christian Dior's revenue has been growing steadily in recent years. In 2022, the company's revenue was €79.184 billion, which is an increase of 7.5% from the previous year. The growth in revenue is due to a number of factors, including:

- The expansion of the company's product portfolio.
- The opening of new stores in key markets.
- The growth of e-commerce sales" (Tbh, 2024).

Also, Dior's consistent revenue growth highlights its successful adaptation to changing market dynamics and consumer preferences. The company's expansion into new markets and sectors, coupled with a robust e-commerce strategy, has effectively fueled its revenue streams, positioning Dior for sustained financial success.

Profitability is a crucial indicator of a company's operational efficiency and market position. For Dior, rising profit margins reflect successful management strategies and operational optimizations. This discussion will focus on the underlying drivers of Dior's profit growth, highlighting how revenue enhancement and cost management have played pivotal roles.

Lastly Tbh reports that Christian Dior's profit has also been growing steadily in recent years. In 2022, the company's profit was €5.797 billion, which is an increase of 10.2% from the previous year. The growth in profit is due to the growth in revenue and the company's cost-cutting measures. (Tbh, 2024).

Dior's increasing profit margins underscore its effective management and operational efficiency. The dual strategy of driving revenue growth while implementing cost-cutting measures has been instrumental in boosting profits, affirming Dior's strong position in the competitive luxury fashion industry.

Managing debt is vital for sustaining corporate health and supporting expansion. Dior's approach to debt management demonstrates its prudent financial practices and commitment to maintaining a strong balance sheet. This section delves into the strategies that have enabled Dior to reduce its debt load while continuing to invest in growth opportunities.

"Christian Dior's debt has been declining in recent years. As of December 31, 2022, the company's debt was €2.5 billion, which is a decline of 10.2% from the previous year. The decline in debt is due to the company's strong cash flow and its debt repayments" (Tbh, 2024).

Dior has demonstrated a commendable ability to manage and reduce its debt, reflecting prudent financial stewardship. By prioritizing strong cash flow and strategic debt repayments, Dior has not only improved its financial health but also positioned itself for sustainable growth and investment.

Liquidity measures a company's ability to cover its immediate financial obligations, a critical aspect of financial stability. Dior's liquidity position is a reflection of its solid financial management and strategic foresight. This analysis will explore how Dior's liquidity ensures operational resilience and strategic flexibility.

"Christian Dior's liquidity is strong. As of December 31, 2022, the company had cash and cash equivalents of €4.5 billion. This is more than enough to cover its short-term debt" (Tbh, 2024).

Conclusively, Dior's strong liquidity position is a clear indicator of its financial robustness and operational agility. With substantial cash reserves to cover its short-term obligations, Dior is well-equipped to navigate economic uncertainties and seize strategic opportunities as they arise. Tbh, T. (2024, February 27).

Christian Dior, a stalwart in the luxury fashion industry, continues to demonstrate resilience and potential for growth despite the evolving challenges it faces. Known for its iconic status and diverse range of high-end products, the company's strategic positioning allows it to leverage opportunities across the global market. However, like any major player in a competitive industry, Christian Dior is not without its hurdles. Here, we delve into an analysis that explores both the promising aspects of Dior's business strategy and the challenges it must navigate to maintain its leading position. The following assessment offers a comprehensive outlook on the company's current situation and its future prospects.

"The outlook for Christian Dior is positive. The company is well-positioned to continue to grow in the future. It boasts a strong brand name, a diversified product portfolio, and a global presence. However, Christian Dior faces challenges, including increasing competition from rivals such as LVMH and Kering. To remain competitive, the company will need to continue to innovate and invest in its brand. Overall, the financials of Christian Dior are strong, supporting its potential for continued growth in the future" (Tbh, 2024).

“Here is a table showing the financials in Billions of Christian Dior over the years:

Year	Revenue	Profit	Debt	Liquidity
2022	€79.184	€5.797	€2.5	€4.5
2021	€73.432	€5.265	€2.75	€4.2
2020	€68.679	€4.733	€3.0	€3.7
2019	€65.926	€4.201	€3.25	€3.5
2018	€61.173	€3.669	€3.5	€3.2

As you can see, Christian Dior’s finances have been strong in recent years. The company has been growing its revenue and profit, and it has been able to reduce its debt. The company’s liquidity is also strong. This suggests that Christian Dior is well-positioned to continue to grow in the future.”

When analyzing the data, the year 2020 seems to push the company further, why?

We have to remember COVID-19, a pandemic very present in the 2 following years, but how is it reflected on the numbers? What is the impact of the pandemic in the company?

3.1.1. COVID-19

Dior, like many luxury fashion brands, faced significant challenges due to the COVID-19 pandemic. The numbers do not reflect losses but show a lower increase in revenue and profit compared with years prior the pandemic. Some of the impacts on Dior included:

1. Disrupted Supply Chains: Lockdowns and restrictions disrupted global supply chains, causing delays in manufacturing and distribution of Dior's products. This disruption affected both production and delivery of goods, leading to potential shortages and delays in meeting consumer demand.

2. Decline in Sales: With many physical retail stores closed or operating with restrictions, Dior experienced a decline in sales, particularly in regions heavily affected by the pandemic. Reduced foot traffic in retail stores and decreased consumer spending due to economic uncertainty contributed to this decline.

3. Shift to Digital Channels: To adapt to the changing consumer behavior during the pandemic, Dior, like many other fashion brands, intensified its focus on digital channels. This included enhancing its e-commerce platforms, investing in digital marketing, and leveraging virtual

experiences such as livestreamed fashion shows and virtual try-on technologies to engage with consumers.

4. Impact on Fashion Shows and Events: The pandemic forced Dior to rethink its approach to fashion shows and events. Traditional runway shows with large gatherings were replaced or supplemented with digital presentations, live streamed events, and virtual experiences to comply with social distancing measures and travel restrictions.

5. Philanthropic Efforts: Dior, along with its parent company LVMH, engaged in various philanthropic efforts to support relief efforts during the pandemic. This included producing hand sanitizers and protective gear, donating to healthcare organizations, and supporting communities affected by the crisis.

Overall, the COVID-19 pandemic presented significant challenges for Dior, affecting its operations, sales, and marketing strategies. However, the brand demonstrated resilience by adapting to the new normal, prioritizing digital innovation, and contributing to relief efforts in response to the crisis.

However, Big names in the industry such as Dior, have learnt from previous mistakes and reached new heights afterwards. What did Dior gather from the feedback?

Certainly, the COVID-19 pandemic prompted Dior to adapt in several ways, leading to valuable learnings that the company incorporated into its operations and strategies:

1. Digital Transformation Acceleration: The pandemic accelerated Dior's digital transformation efforts. The brand invested more heavily in its e-commerce platforms, digital marketing, and virtual experiences. This shift towards digital channels allowed Dior to reach consumers directly, even when physical retail stores were closed or operating with restrictions.

2. Agility and Flexibility: The unpredictability of the pandemic taught Dior the importance of agility and flexibility in its operations. The brand became more adaptable to changing market conditions, supply chain disruptions, and consumer preferences. This flexibility enabled Dior to respond quickly to challenges and seize emerging opportunities.

3. Customer Engagement: Dior recognized the significance of maintaining strong connections with its customers during the pandemic. The brand prioritized initiatives to engage and support its customer base, such as virtual events, personalized digital experiences, and enhanced customer service offerings. By staying connected with consumers, Dior strengthened brand loyalty and retained customer trust.

4. Sustainability and Social Responsibility: The pandemic underscored the importance of sustainability and social responsibility for Dior. The brand intensified its efforts to promote sustainability throughout its supply chain, reduce environmental impact, and support communities in need. Dior's commitment to sustainability and social responsibility resonated with consumers who increasingly prioritize ethical and eco-friendly brands

5. Crisis Preparedness: The pandemic served as a wake-up call for Dior and other companies to prioritize crisis preparedness. By proactively addressing potential risks, Dior aims to mitigate the impact of future crises on its operations and performance.

Overall, the COVID-19 pandemic prompted Dior to reevaluate its business practices, embrace digital innovation, prioritize customer engagement, enhance sustainability efforts, and bolster crisis preparedness. These learnings have positioned Dior to navigate future challenges more effectively and continue delivering value to its customers and stakeholders.

3.1.2. Financial performance (2018-2022)

Analyzing the financial data for Christian Dior from 2018 to 2022, several positive trends and insights emerge regarding the company's financial health and performance:

1. Consistent Revenue Growth: Christian Dior has shown a steady increase in revenue over the five-year period. Starting from €61.173 billion in 2018, revenues rose to €79.184 billion by 2022. This represents a growth of approximately 29.5% over five years, indicating a robust and expanding business model despite various market conditions.

2. Increasing Profitability: There is a clear upward trend in profits, growing from €3.669 billion in 2018 to €5.797 billion in 2022. This increase in profit, particularly a significant jump from 2019 onward, suggests effective cost management and operational efficiency, as well as successful product and market strategies.

3. Stable to Slightly Reducing Debt Levels: The debt level has seen fluctuations but is overall managed well within a reasonable range. It peaked at €3.5 billion in 2019 and has slightly decreased to €2.5 billion by 2022. This indicates prudent financial management and a strong capability to service its debt without jeopardizing operational liquidity.

4. Improvement in Liquidity: Liquidity has improved from €3.2 billion in 2018 to €4.5 billion in 2022. Higher liquidity suggests that Christian Dior has more readily available resources to cover immediate and short-term obligations, which is a positive indicator of financial health.

The financial trajectory of Christian Dior from 2018 to 2022 indicates a company that is not only growing in terms of revenue and profits but is also managing its debt responsibly while enhancing its liquidity. This financial robustness positions Dior well for sustained growth and stability, allowing it to invest in innovation and market expansion effectively. The challenges ahead include navigating increasing competition and market volatility, but the strong financial fundamentals suggest that Christian Dior is well-equipped to handle these challenges and capitalize on future opportunities.

In the fiercely competitive world of luxury fashion, Christian Dior not only stands out for its prestigious heritage and innovative designs but also faces formidable challenges from other elite brands. Among these, Chanel emerges as a notable rival, with both houses vying for dominance in a market that prizes exclusivity, craftsmanship, and a rich historical backdrop.

Understanding the competitive landscape is crucial for grasping how Dior positions itself against these rivals and continues to capture the imagination and loyalty of diverse consumer demographics globally.

Highsnobiety informs us that LVMH (Louis Vuitton Moët Hennessy) competes with several other luxury goods conglomerates, as well as individual luxury brands. Some of its main competitors include:

Kering: Kering is another French luxury goods conglomerate that owns and manages brands such as Gucci, Bottega Veneta, Saint Laurent, and Balenciaga, among others.

Richemont: Richemont is a Swiss luxury goods conglomerate that owns and manages brands such as Cartier, Montblanc, Jaeger-LeCoultre, and Piaget, among others.

Chanel: Chanel is a privately-owned French luxury fashion and beauty brand that competes with LVMH in the fashion and fragrance sectors.

Hermès: Hermès is a French luxury fashion and accessories brand that competes with LVMH in the fashion and leather goods sectors.

Prada Group: Prada Group is an Italian luxury fashion and accessories conglomerate that owns and manages brands such as Prada, Miu Miu, and Church's, among others.

Overall, LVMH competes with other major luxury goods conglomerates and individual luxury brands across various sectors of the luxury goods market. Highsnobiety. (s.f.)

Furthermore, Tbh tells us that Christian Dior faces competition from several notable luxury fashion brands that operate in a similar market segment. Here are some of Dior's key competitors:

Chanel: Chanel is a French luxury fashion house known for its timeless elegance, iconic designs, and high-quality craftsmanship. Like Dior, Chanel has a rich heritage and offers a wide range of products, including haute couture, ready-to-wear, accessories, and fragrance. Chanel's brand image is synonymous with sophistication and classic femininity. The brand's enduring popularity and global presence make it a significant competitor to Dior.

In terms of customer demographics, Dior's target market audience includes people of all ages because the company offers a wide range of items, from new trends for younger customers to classic styles for older ones, however the purchasing power of this demographic is highly expensive.

When it comes to international presence, the company has a presence in Asia-Pacific, Europe, the Middle East and Africa, and the Americas regions. Christian Dior is headquartered in Paris, France (Tbh, 2024).

The landscape of luxury fashion is as dynamic as it is competitive. Christian Dior, with its illustrious history and broad product offerings, continuously adapts to meet and exceed the high expectations of a diverse and demanding consumer base. Facing off against powerhouses like Chanel, Dior must leverage its unique blend of tradition and innovation to maintain its edge. The company's extensive global presence and strategic understanding of its market demographics serve as critical assets in its ongoing quest to remain at the forefront of the luxury fashion industry.

4. Accounting Practices In the Luxury Fashion Industry

The luxury fashion industry, characterized by high-end brands and exclusive products, adheres to unique accounting practices to reflect its distinct financial dynamics. These practices encompass inventory valuation, revenue recognition, cost management, and brand valuation. Accurate accounting in this sector ensures transparency, supports strategic decision-making, and maintains investor confidence. By addressing the specific needs and challenges of luxury fashion, these accounting practices play a crucial role in capturing the true financial health and performance of luxury brands.

4.1. Revenue recognition and sales forecasting.

The specific details of revenue recognition are not provided in the 2023 1st half report. This report primarily focuses on presenting financial performance results for the first half of 2023, including overall sales growth, the impact of currency fluctuations, changes in the scope of consolidated activities, and sales distribution by currency and geographic region.

To understand how revenue is recognized for this company, you would need to look into their financial statements or notes in their annual or semi-annual reports. Typically, revenue recognition details can be found in the notes to the financial statements, where the company would describe their accounting policies. These policies explain how they determine when to recognize revenue according to applicable accounting standards (such as IFRS or GAAP).

However, based on common practices and the details provided, here's a general insight into possible revenue recognition approaches they might be using:

1.Sales of Goods and Services: Revenue from the sales of goods and services is likely recognized when control of the goods is transferred to the customer, which happens when the customer has the full ability to use and enjoy the benefits of the goods or services (point in time recognition).

2.Currency Impact: The mention of currency impacts suggests that the company recognizes revenue in different currencies and then converts these into euros for reporting purposes. This conversion can affect the reported revenue due to changes in exchange rates.

3. Adjustments for Acquisitions: The mention of acquisitions like Joseph Phelps Vineyards and Officine Universelle Buly indicates that revenue from these new entities is now included in the consolidated sales figures. The negligible effect on growth from these acquisitions suggests that these entities contribute a relatively small portion to the total, but their revenues are recognized as part of the group's total revenue from the date of acquisition.

4. Geographical and Currency Considerations: The report also suggests they adjust their reported revenue based on geographical sales distribution and currency fluctuations, which is common for companies operating in multiple countries. This implies revenue might be

recognized and reported based on the location of the customer and the currency in which the transaction is completed.

As for sales forecasting, previous growth the company has experienced over the past year was between 15% and 17% for each half.

Having based ourselves in the previous texts, the sales forecasting for the next period, based on the information provided, would depend on several factors including ongoing trends, economic conditions, currency fluctuations, and market dynamics. Since the specific data or detailed trends for the future are not provided, we can only outline a general approach for forecasting based on the current context:

1. Growth Momentum: The Group has experienced a solid 15% growth in sales compared to the first half of 2022, with an adjusted growth rate of 17% at comparable exchange rates and scope. This suggests a strong underlying demand for the Group's products.

2. Currency Impact: Future forecasts should continue to factor in the impact of currency fluctuations, especially given that such fluctuations had a negative 2-point impact on growth in the first half of 2023. Monitoring the trends in key currencies like the US dollar, Chinese renminbi, and Japanese yen will be crucial.

3. Regional Performance: Growth in specific regions such as Asia (excluding Japan), which saw an increase in the relative weight of sales, should be closely watched. The recovery from lockdowns, particularly in mainland China, indicates potential for sustained or increased growth in this region. Conversely, the reduced weight of the US in sales distribution might warrant investigation and adaptation in strategy.

4. Product Lines and Acquisitions: The integration of new acquisitions like Joseph Phelps Vineyards and Officine Universelle Buly should be assessed for their contribution to the overall growth. Even though their current impact is negligible, they might provide opportunities for enhanced growth in specific markets or product segments.

5. Market Conditions: The overall economic environment, consumer spending trends, and competitive landscape in key markets will influence future sales. Global economic indicators, consumer confidence indices, and industry-specific trends should be integrated into the forecasting model.

When crafting a sales forecasting approach for a multinational corporation, it is vital to incorporate a blend of data-driven quantitative analysis and nuanced qualitative insights. This dual-pronged strategy allows for a comprehensive understanding of both measurable trends and the subtler dynamics of market conditions and consumer behaviors. By leveraging historical sales data and adjusting for variables such as currency fluctuations, economic climates, and regional growth patterns, we can create robust models that predict future sales trends with a higher degree of accuracy. Additionally, integrating qualitative assessments such as expert opinions, market analyses, and regional sales performance ensures that our forecasts remain

adaptable to sudden changes in the market or specific industry challenges. This methodical approach provides a strategic foundation for anticipating future sales, aiding in better decision-making and strategic planning for sustained business growth.

To estimate future sales, you might consider using a combination of quantitative and qualitative forecasting methods:

- Quantitative: Use time series analysis with historical sales data to model and predict future trends. This can include techniques like moving averages or exponential smoothing, adjusted for seasonal variations and potential growth rates as observed.
- Qualitative: Given the impact of non-recurring events like COVID-19 lockdowns and significant currency fluctuations, qualitative insights from market analysis, consumer trends, and expert opinions will be crucial in adjusting the forecasts appropriately

Based on the 17% growth rate at comparable exchange rates and scope, if the market conditions remain favorable and the Group maintains its momentum, a similar or slightly adjusted growth rate might be anticipated for the next period, barring any unforeseen disruptions. However, a detailed and specific forecast would require access to more granular data and potentially sophisticated forecasting tools and models.

4.2. Cost Management and pricing strategies.

Specific details about the cost management strategies used by Dior, which is part of the larger LVMH (Moët Hennessy Louis Vuitton) group, are not publicly detailed in-depth. However, Dior, like other luxury brands under the LVMH umbrella, likely employs several general cost management practices common among large, global luxury fashion and goods companies. Here are some potential aspects of their cost management strategy:

1. Supply Chain Optimization: Luxury brands typically manage costs by optimizing their supply chain. This can include everything from sourcing materials from cost-effective but quality suppliers to streamlining logistics to reduce transportation costs. For example, Dior might negotiate favorable terms with high-quality suppliers of raw materials like leather and silk. (We will get further into this in the following point 5)
2. Inventory Management: Effective inventory management is crucial for fashion companies to minimize overproduction and markdowns, which can erode margins. Dior likely uses advanced forecasting and inventory tracking systems to align production closely with demand.
3. Efficient Production Techniques: Employing efficient production techniques and technologies helps reduce waste and improve labor efficiency, thereby managing production costs. This might involve the adoption of state-of-the-art manufacturing equipment or lean manufacturing principles.

4. Strategic Outsourcing: Like many global brands, Dior might outsource certain non-core functions, such as IT services or some aspects of production, to specialized companies that can provide these services more efficiently and cost-effectively.

5. Vertical Integration: LVMH, and by extension Dior, has a strategy of vertical integration, owning many of the production and distribution channels. This control can lead to significant cost savings across various parts of the supply chain, from manufacturing to retail.

6. Marketing and Advertising Efficiency: Brands like Dior invest heavily in marketing and advertising. Cost management in this area might involve optimizing spending through targeted campaigns and leveraging digital marketing channels that provide high ROI (Return on Investment).

7. Sustainability Initiatives: Increasingly, cost management also involves sustainability initiatives, which can reduce long-term costs associated with waste, energy use, and regulatory compliance. Dior has been involved in various sustainability efforts that might also contribute to cost management.

8. Retail and Operations Management: Effective management of retail operations, including store location selection, design, and staffing, can also help manage costs. Dior's controlled retail environment allows for optimizing the customer experience while managing operational costs efficiently.

These strategies help Dior and its parent company LVMH maintain profitability while also fostering growth. For specific details, one would typically look to LVMH's annual reports, investor presentations, and other financial communications where they might discuss their operational efficiencies and cost management tactics at a higher level.

4.2.1. Pricing strategies

In the realm of business strategy, understanding the concept of pricing is crucial for ensuring the commercial viability and success of a product. Pricing strategies not only influence profitability but also affect market positioning and consumer perception. Let us delve into a detailed discussion on what constitutes pricing in business.

"When discussing pricing, reference is made to price-setting strategies for a specific product. It involves anticipating the price level that one wishes to establish before beginning the development of the product." (de Valdés-Cavanilles Díaz, C. 2020).

Pricing is a fundamental aspect of the strategic planning process for any product. It requires careful consideration and analysis prior to the product development phase, underscoring its role in aligning the product with market expectations and business objectives. Effective pricing strategies are essential for achieving a competitive advantage and ensuring long-term success in the marketplace.

In the intricate world of business strategy and marketing, pricing plays a pivotal role, not merely as a reflection of cost or market competition but as a strategic tool that can significantly enhance a company's market position and financial success. Kotler and Keller (2006) assert that organizations utilizing price as a strategic tool stand to gain more benefits than those which allow costs or the market to dictate their pricing strategies. This perspective is crucially relevant in the realm of high fashion or Haute Couture, where the pricing strategy not only reflects the cost and market but also the intrinsic value and potential return on investment that luxury products hold.

“Sea cual fuere el objetivo, las organizaciones que utilicen el precio como herramienta estratégica se beneficiarán más que aquellas que simplemente dejen que los costos o el mercado determinen su precio” Kotler y Keller (2006).

"High fashion or Haute Couture, where luxury brands are found. In this market, garments are becoming investments, as many brands include furs and jewels in their products, turning them into models for capital investment (Noguez, 2016). A study conducted by Bag Hunter claims that purchasing handbags from many of the top fashion brands is more profitable than other investments such as buying stocks or gold. Therefore, many luxury firms might start to consider selling their products as investments rather than expenditures, removing limitations when setting prices for their products. On the other hand, some brands like Chanel or Dior have what is called fashion heritage, meaning they base the value of their products on the length of time they have been on the market."(de Valdés-Cavanilles Díaz, C. 2020).

Exploring the high fashion industry further, as noted by Noguez (2016) and de Valdés-Cavanilles Díaz (2020), luxury brands such as those in Haute Couture are transforming how the market perceives garments and accessories. By integrating high-value items like furs and jewels into their products, these brands elevate their offerings from mere fashion statements to lucrative investments. This shift is evident from the findings of a study by Bag Hunter, which indicated that purchasing handbags from prominent fashion brands could yield higher returns than traditional investments such as stocks or gold. The correlation here is clear: by using pricing as a strategic tool, luxury brands not only create an aura of exclusivity and desirability but also redefine their products as worthwhile investments. Furthermore, fashion heritage, as seen with brands like Chanel and Dior, adds another layer to pricing strategy by linking the product value directly to the brand's longevity and historical market presence.

The strategic application of pricing in high fashion underscores a broader, more dynamic role than simply covering costs or aligning with market averages. As suggested by Kotler and Keller, the adoption of pricing as a strategic tool is imperative for organizations aiming to leverage their market position and maximize profitability. In the context of luxury fashion, where products are seen both as symbols of opulence and as potential investments, effective pricing strategies are essential. They not only preserve the heritage and exclusivity of the brands but also attract a clientele that views high fashion purchases as a valuable component of their investment portfolio. Thus, integrating strategic pricing with brand value and investment potential can considerably enhance a luxury brand's allure and financial success.

Integrating sustainability into the pricing and strategic considerations of luxury fashion brands, especially in the haute couture sector, can be multifaceted and influential in driving industry-wide changes. Here's how the previously discussed elements involving strategic pricing in high fashion can connect with sustainability:

1. Material Sourcing and Production: High fashion brands often use rare materials such as exotic leathers, furs, and precious gems, which are traditionally seen as luxury but raise significant sustainability and ethical concerns. By incorporating sustainability into their pricing strategy, brands can begin to prioritize environmentally friendly materials and practices. This can involve using responsibly sourced materials that do not harm the environment or adopting methods that ensure fair labor practices. The additional costs associated with these sustainable practices can be reflected in the pricing, thereby promoting a model where higher prices are justified by greater ethical assurances and environmental benefits.

2. Investment in Durability and Value: By treating fashion items as long-term investments rather than temporary purchases, brands encourage consumers to consider the longevity and usability of their products. This approach can reduce waste and promote a more sustainable consumption model. Luxury brands can enhance this aspect by ensuring that their products are not only timeless in design but also durable. This supports sustainability by countering the fast fashion model, which encourages frequent purchases and leads to significant waste.

3. Fashion Heritage and Brand Legacy: Brands like Chanel and Dior leverage their long-standing heritage as a value proposition. This heritage can be aligned with sustainable practices by showcasing a history of craftsmanship and quality that eschews mass production methods that are harmful to the environment. By emphasizing their commitment to preserving traditional skills and reducing environmental impact, luxury brands can strengthen their market position and appeal to environmentally conscious consumers.

4. Repositioning Products as Sustainable Choices: As discussed, the pricing strategy of luxury brands can influence consumer perception, making items feel like valuable investments. This positioning can be expanded to include sustainability as a core part of the brand's value proposition. For instance, luxury brands might start to market their high-priced items not just as fashion statements but as sustainable choices, where the premium price also accounts for the minimized environmental impact.

5. Encouraging a Circular Economy: Luxury brands can adopt business models that support the resale, recycling, or refurbishing of their products. This approach not only extends the lifecycle of their garments and accessories but also promotes a circular economy. By doing so, brands can maintain their exclusivity and heritage while also promoting sustainability. Pricing strategies can be adjusted to reflect these services, potentially adding to the initial purchase price but offering value through longevity and sustainability.

In conclusion, there is a significant opportunity for high fashion brands to incorporate sustainability into their strategic pricing and business models. Doing so not only aligns with

global environmental goals but also meets the growing consumer demand for responsible and ethical luxury products.

The interplay between strategic pricing and sustainability within the haute couture segment offers a compelling blueprint for the future of luxury fashion. By weaving sustainability into their pricing strategies, high fashion brands can address critical environmental and ethical concerns while maintaining their market stature and profitability. This approach not only enhances brand value through responsible practices but also aligns with a broader consumer shift towards sustainability. As brands like Chanel and Dior leverage their heritage and commitment to quality, they can set a powerful example in promoting a sustainable luxury market. The integration of investment logic with sustainable practices underscores a transformative shift in high fashion, where the allure of luxury is matched by a commitment to environmental stewardship and ethical integrity. This alignment not only satisfies the increasing consumer demand for responsible products but also positions haute couture brands as leaders in a sustainable, profitable future.

5. Economic implications and challenges

The luxury fashion industry significantly impacts the global economy, presenting both opportunities and challenges. Key economic implications include substantial contributions to GDP, international trade, and innovation. However, the sector also faces challenges such as market volatility, sustainability concerns, and shifting consumer preferences.

Employment generation in the luxury fashion industry is substantial, encompassing a diverse range of roles from design and manufacturing to marketing and retail. Workforce dynamics in this sector are influenced by factors such as technological advancements, evolving skill requirements, and the global nature of luxury markets. Understanding these dynamics is essential for addressing employment challenges and fostering a sustainable, competitive workforce in the luxury fashion industry.



Christian Dior by FRED RAMAGE//GETTY IMAGES

5.1. Employment generation and workforce dynamics.

Paris, long celebrated as the heart of the global fashion industry, holds a key role in shaping economic stability through its vibrant sector. The city's iconic status not only promotes high fashion but also supports a robust job market characterized by diversity in skill requirements and employment opportunities. As the fashion industry continues to evolve with technological advancements such as computer-aided design and market analysis, it increasingly offers stable, well-paying jobs that transcend traditional seasonal employment challenges. By exploring how Paris's fashion industry contributes to job stabilization and mitigates the effects of seasonality, we can gain insights into the broader impact of this dynamic sector on the local economy.

Table 1: EMPLOYMENT IN SELECTED FASHION APPAREL INDUSTRIES AND OCCUPATIONS			
	Number of employees	Median Hourly wage	Average annual wage
Fashion designers (All industries)	18.940	\$32,41	\$78.870
Apparel manufacturing industry (All occupations)	123.000	\$12,64	\$37.350
<i>Selected occupations</i>			
Computer occupations (information analysts, developers, and systems administrators)	840	\$33,63	\$77.270
Market research analysts and marketing specialists	510	\$28,85	\$67.200
Fabric and apparel patternmakers	2.030	\$24,61	\$55.590
Industrial machinery installation, repair, and maintenance workers	1.410	\$16,75	\$38.900
Tailors, dressmakers, and custom sewers	1.200	\$13,42	\$33.490
Textile machine setters, operators, and tenders	6.280	\$11,64	\$25.860
Sewing machine operators	49.960	\$11,14	\$24.700
Apparel, piece goods merchant wholesalers (All occupations)	147.390	\$18,49	\$56.160
<i>Selected occupations</i>			
Business operations specialists	6.740	\$28,15	\$66.770
Graphic designers	1.860	\$25,29	\$55.770
Production, Planning, and expediting clerks	2.820	\$23,56	\$50.720
Merchandise displayers and window trimmers	330	\$15,50	\$42.790
Laborers and material movers, hand	18.150	\$12,33	\$27.140
Clothing and clothing accessories	1.414.320	\$11,27	\$29.460

stores (All occupations)			
<i>Selected occupations</i>			
Market research analysts and market research specialists	1.340	\$25,96	\$61.180
Accountants and auditors	1.030	\$32,14	\$72.010
Buyers and purchasing agents	3.550	\$24,78	\$65.250
Designers	12.210	\$13,67	\$31.660
Retail sales workers	1.056.960	\$10,55	\$24.840

(Adapted from Joint Economic Committee. s.f.)

The Joint Economic Committee notes that Fashion- and apparel-related industries employ workers in professions requiring an increasing range of highly technical education and skills.⁸ For instance, computer-aided design helps designers turn concepts into samples and helps manufacturers move from prototype to finished product on an accelerated timetable. Jobs in these fields, which typically require more education and training, hold the prospect of higher wages.⁹ Fashion designers, the creative force and focal point of the industry, are among the highest paid workers in the fashion industry, earning an average of \$78,870 annually across all industries (see Table 1).¹⁰ Fashion designers are concentrated in apparel industries such as manufacturing and wholesale merchandising, but also are strong in other sectors, such as motion picture and video. The apparel manufacturing industry employs nearly 123,000 workers in the United States. Employment in the industry still includes occupations traditionally associated with apparel manufacturing, such as sewing machine operators, tailors and textile machine operators and patternmakers. However, the shift to higher-value parts of the process means that today's manufacturing jobs include a number of higher-paying occupations such as market research analysts who earn \$67,200 annually on average, and computer professionals, who earn \$77,270 on average. The wholesale apparel merchandising sector employs over 147,000 individuals. These include business operations specialists whose annual earnings average \$66,770; graphic designers earning \$55,770, on average; and production, planning and expediting clerks earning \$50,720, on average. The majority of fashion and apparel jobs are in the retail sector, with over 1.4 million individuals employed throughout the country in apparel retail establishments. These jobs, which range from clerks to managers and executives, pay nearly \$29,500, on average. (Joint Economic Committee. s.f.)

The fashion industry in Paris serves as a crucial economic pillar, capable of stabilizing employment and alleviating the effects of seasonality on the job market. Through a wide array of employment opportunities, from high-end fashion designers to computer professionals and market analysts, the industry not only fosters career development in high-skill areas but also sustains a large workforce. The integration of modern technologies and business practices into the traditional world of fashion enhances the industry's capacity to offer year-round employment, making it a key player in economic stability and growth. Paris, with its unique position in the

world of haute couture and fashion commerce, exemplifies how a city can leverage its cultural assets to bolster and stabilize its labor market against economic fluctuations.

The data given points out the various skills and jobs that are available in the fashion and apparel industry, among which are the highly technical professions that need college level education and skills. The use of the latest technologies like CAD and the research of the market will help the industry to speed up the production process and to get the higher-paying jobs. This move towards the higher-value parts of the industry, like business analysis and computer programming, can help to reduce the impact of seasonality on the job market.

With Paris being a fashion capital that is famous for haute couture and fashion commerce, the fashion industry will be able to provide jobs throughout the year if it uses modern technologies and business practices. Through the diversification of job roles and the increase of skills requirements within the industry, Paris can stabilize employment and overcome the seasonal fluctuations which are usually encountered with fashion cycles.

Besides, the variety of job opportunities in the fashion industry, the tech industry, and the market analysis industry as well, helps in the career development of the high-skilled people and keeps the workforce active throughout the year. This wide range of the workforce and the employment situation of the city helps in the stabilization of the economy and the growth of the city, thus, the fashion industry becomes a main economic pillar in Paris and maybe in other cities as well which are related to fashion.

To sum up, the fashion industry, especially in cities like Paris, can take advantage of modern technologies, create more diverse job roles and encourage career development in high-skill areas to, thus, decrease the impact of seasonality on the job market and, as a result, support the economy and progress.

5.2. Supply chain management

In the forthcoming section, we delve into the intricacies of supply chain management at Christian Dior, one of the world's premier fashion houses. As an emblem of luxury and craftsmanship, Christian Dior not only sets trends but also exemplifies excellence in managing a complex and extensive global supply chain. This analysis will explore how Dior coordinates its operations across diverse geographical locations, ensuring that every product reflects the brand's commitment to quality and elegance. We will examine the key components of Dior's supply chain, from raw material sourcing to final delivery, and discuss how the brand leverages innovative technologies and strategic partnerships. Additionally, we will address the challenges faced by Dior in maintaining sustainability and ethical practices within its supply chain, crucial aspects that align with contemporary demands for responsible fashion. Through this exploration, insights can be gleaned into the operational frameworks that enable Christian Dior to maintain its prestigious market position and continue delivering luxury experiences to its clientele worldwide.

Darmon noted that The main challenges for the Supply Chain in the luxury industry are as follow [5]:

- To adapt the logistics organization to the rapidly growing internationalization of its activities. The different methods chosen by the luxury companies show themselves more or less able to handle a large-scale international expansion.
- To face the diversification of products and brands. There are an increasing number of references and fewer products for each reference, and the Supply Chain must handle, at competitive costs, products whose characteristics and marketing constraints differ.
- To predict the market fluctuations for the sake of fashion. There are 5 different collections throughout the year (Cruise, Spring, Summer, Fall and Winter) so the available products change all the time. We call this phenomenon the seasonality of the products.
- To manage the constraints due to the multiplication of distribution formats. Logistics must be able to handle different volumes of orders depending on the origin of the request (initial orders, replenishment orders, clients' orders, . . .).
- To optimize the inventory levels. Inventory management is not just their systematic reduction but rather their optimization by avoiding stock-outs, creating value with speculative stocks, securing stocks and reducing the risk of depreciation.
- To adapt to the problem of the accelerating time-to market (shortening of products' life cycle, frequent introductions of new models, seasonality issues, . . .).
- To handle the multiplication of distribution zones: there are more and more stores in Asia, China and Eastern Europe ! (Darmon, 2013).

The supply chain management at Christian Dior showcases a sophisticated blend of tradition and innovation. The brand faces a myriad of challenges that are inherent to the luxury fashion industry, such as adapting to rapid international expansion, managing product diversification, and responding to the volatile demands of fashion market trends. Despite these hurdles, Dior has excelled in orchestrating a supply chain that not only meets the logistical complexities of multiple seasonal collections and varying distribution formats but also strives for optimal inventory levels and swift time-to-market. These efforts are underpinned by a commitment to sustainability and ethical practices, aligning Dior with the modern values of responsible fashion. By continuously refining its supply chain strategies and embracing advanced technologies and strategic global partnerships, Christian Dior remains at the forefront of the luxury fashion industry, delivering unparalleled elegance and quality to its global clientele.

“I had the opportunity to be part of Christian Dior Couture's Supply Chain and to participate in the heavy task of managing the overall flow of Eyewear from supplier to customer. In order to do that, the present analysis was heavily used to set the optimal Model Stock for all Eyewear of the current collections and then challenged those targets every week to adapt them to the events worldwide (Christmas, Chinese New Year,...). It was also primordial to make sure that some re-balancing was completed when and where needed to optimize the sell-through and the sales. After designing this research plan, the necessary data was collected and organized in tables to make its analysis. The collected data was mainly information on stock out rates, sales quantity, stores' stock, buer stock, stock in transit, stock to be delivered and coverage. First, the sales were thoroughly analyzed to see if there were some obvious choices to make in order to increase the sales. Then it was the monthly sales and stock of each store which were studied to establish a classification of stores and set goals for each category of stores. And the stock out rates, coverage and monthly sales were calculated for each SKU and for each store, and actions to perform were chosen to optimize both coverage and stock out rates. “ Darmon, A. (2013).

The provided text does indeed offer a substantial explanation of certain key aspects of supply chain management, particularly within the context of Christian Dior Couture's eyewear product line. Here are the main strengths of the explanation as it pertains to supply chain management:

1. Inventory Management: The text outlines how the optimal Model Stock targets are determined and continuously adjusted to respond to global events and seasonal demands. This showcases an agile approach to inventory management, which is critical in the fashion industry known for its quick trend turnovers and fluctuating demands.

2. Data-Driven Analysis: It highlights the use of data (stock out rates, sales quantities, etc.) to drive decisions. This indicates a structured and analytical approach to managing the supply chain, emphasizing the importance of data in optimizing inventory and ensuring product availability.

3. Dynamic Rebalancing: The explanation shows an understanding of the need for dynamic adjustments in the supply chain, such as rebalancing stock to optimize sell-through rates and

sales. This reflects the practical challenges of supply chain management in a global retail setting.

4. Impact of Seasonality and Global Events: By adjusting inventory targets based on events like Christmas or Chinese New Year, the text illustrates how external factors are integrated into supply chain strategies.

5. Validation of Strategy: The mention of no stock shortages over the six-month period and the claim of internal and external validity of the analysis suggest that the strategies implemented were effective and could potentially serve as a model for other similar settings.

However, to enhance this explanation and make it even more comprehensive, We should consider addressing the following areas:

- **Supplier Relationships:** How does Christian Dior Couture manage its relationships with suppliers to ensure timely and quality supply of materials? Understanding this aspect could enrich the explanation of the upstream supply chain.
- **Technology Integration:** Detailing the specific technologies or systems used in managing the supply chain (e.g., ERP systems, AI in forecasting) would provide a deeper insight into how modern technology is integrated to enhance efficiency.
- **Cost Management:** Any mention of how these strategies impact the overall cost efficiency of the supply chain could provide a more rounded view of the managerial implications.
- **Sustainability Practices:** Given the increasing importance of sustainability in fashion, how does Christian Dior incorporate sustainable practices in its supply chain management?
- **Challenges and Lessons Learned:** While the success of the strategy is noted, discussing any challenges faced or lessons learned could provide a more balanced view and valuable insights for similar future projects.

UKEssays noted that Christian Dior is one of the most famous fashion brands in the world. In order for them to live up to the famous fashion brand tag, they need to keep on catering to the demands of the customers from all around the world. Being “One of the famous brands in fashion” is not an easy ride. They need to satisfy the demands leading to the satisfaction of the customers. This needs dedication, hard work, innovation and timely delivery of quality products. If they are unable to do so, they will not be able to retain their customers as there is a lot of competition in the fashion industry namely Gucci.

In Dior their supply chain management department focuses on Logistics. It is very critical to Dior's business. Dior is a Paris based company but their manufacturing plants are in Italy. It means all the goods are made there.

Their logistics, warehousing and travel and fleet team are responsible for moving the goods to locations all across the globe. In regional areas they hire FedEx to transport their goods to customers and retail outlets all over Italy.

As they are the global business entity, they acquire the services of SDV for all the transportation of the products from the manufacturing plants in Italy to their warehouses outside of Italy, and the distribution from the warehouses to all the retail outlets in the country is done by SDV also.

They have outsourced their transportation/ travel and fleet to third party contractors mentioned above. The reason they chose SDV for international transportation is due to their vast experience and having their own network of 600 offices in 99 countries. SDV is a subsidiary of Bolloré, which ranks among the world's top 10 in transport and logistics. Its core business has always been intercontinental air and ocean freight transportation but now they have broadened the scope of its expertise and is now a global leader in supply chain management. UKEssays. (November 2018).



5.3 Socioeconomic impact on local communities and stakeholders

In the realm of luxury goods, the LVMH group has made significant strides toward integrating sustainability and social responsibility into its core business practices. As of 2022, LVMH and its 75 Maisons, employing nearly 200,000 individuals across 80 countries, have reasserted their dedication to fostering a luxury industry that prioritizes both desirability and sustainability. This commitment is evident through enhanced governance structures, such as the establishment of an Environmental, Social, and Governance (ESG) Committee aimed at advancing the group's environmental and social initiatives. In addition, LVMH has been proactive in addressing social responsibilities by adhering to its 2025 Corporate Social Responsibility (CSR) Roadmap and intensifying efforts in Diversity & Inclusion, setting concrete quantitative goals to measure progress.

"In 2022, the LVMH group and its 75 Maisons – alongside their employees, partners and stakeholders – once again committed to creating and embodying a form of luxury that is as sustainable as it is desirable. We strengthened our governance by setting up an ESG Committee to help implement and coordinate our environmental and social commitments. As regards social responsibility, and as a group with almost 200,000 employees in 80 countries, we followed our 2025 CSR Roadmap and stepped up our Diversity & Inclusion efforts. We adopted quantitative targets," LVMH. (2022).

LVMH further notes Firmly convinced that truly desirable products can only come from sustainable businesses, we are committed to ensuring that our products and the way they are made have a positive impact on our entire ecosystem and on the places and communities where we operate, and that our Group is actively contributing to building a better future. LVMH. (2022).

The initiatives LVMH decided to implement in the year 2022 must certainly be understood as an overall approach to the integration of sustainability among the core activities of their luxury business framework. When LVMH names an ESG Committee and binds itself to the timeline of their 2025 CSR Roadmap, they are clearly suggesting that they have a serious dedication in the social and environmental stewardship field. This predominant attention on diversity and inclusion, however, makes them set specific and measurable objectives, which implies that they believe that sustainable practices are related to true luxury. The examples above are just reflexes showing the multi-purpose direction of LVMH: it not only sells the products that consumers love but also produces them and defines the business in an environmentally friendly way. By setting the same values and operations, LVMH is well equipped to possess "action platforms" towards connecting sustainable and inclusive futures.

2025 CSR Roadmap

Group social responsibility roadmap

Individuality and non-discrimination

- Women
- Disabilities
- Non-discrimination
- Black, indigenous and people of color (BIPOC)

Health, safety and well-being

- Safety at work
- Well-being at work
- Social dialog

Excellence through savoir-faire

- Recruiting talent
- Passing on the savoir-faire required to achieve excellence
- Training and career opportunities for talented employees

Engagement

- Positive impact on local communities
- Workforce integration and equal opportunities
- Social responsibility and support for vulnerable groups

Life 360

Group environmental responsibility roadmap

Creative circularity

- Creation of innovative, sustainable materials
 - Product eco-design
- Extending the lives of products (recycling, upcycling, repairs, etc.)

Biodiversity

- Reducing the group's impact on ecosystems
- Protecting and regenerating ecosystems
- Active involvement in multilateral efforts to preserve biodiversity

Climate

- Climate change mitigation: reducing the Group's GHG emissions
 - Adjusting to the effects of climate change
 - Limiting energy consumptions

Traceability and transparency

- Traceability and transparency
 - Product safety
- Information on the environmental performance of products

Art & Culture

Corporate philanthropy

The foundation Louis Vuitton

- Providing access to culture for all
- An invitation to think and talk about culture
- An exceptional artistic program

LVMH Prize for young fashion designers

- Supporting the talent of today and tomorrow

Commitment of the group and its maisons to art and culture

- Making LVMH's heritage accessible to the general public
- Providing access to culture for all
- Supporting cultural institutions through corporate philanthropy and taking action to preserve heritage

LVMH. (2022).

5.3.1. SOCIAL RESPONSIBILITY – 2025 CSR ROADMAP

KEY ASPECTS OF THE STRATEGY	2025 TARGETS	2022 RESULTS	CHANGE VS. 2021
Individuality and non-discrimination	50% of key positions held by women 2% of the workforce have disabilities 100% of recruiters having undertaken non-discrimination training 30% of leadership roles in the United States occupied by black, indigenous and people of color (BIPOC), in 2026	45% of key positions held by women 1.4% of the workforce have disabilities 73% of recruiters having undertaken non-discrimination training 24% of leadership roles in the United States occupied by black, indigenous and people of color (BIPOC)	2% 17% 1%
Health, safety and well-being	100% of the Health & Safety Policies five commitments achieved 1. Identify health and safety risks 2. Establish a health and safety action plan 3. Manage the health and safety approach 4. Ensure all employees have an active role in health and safety 5. Maintain a virtuous culture for a safe environment	81% of employees are covered by a formal health and safety approach within their Maison 89% of employees work in a Maison that periodically reviews its health and safety approach 87% of employees work in a Maison where the management committee analyzes health and safety annually 33% of employees have been made aware in risk prevention and first aid 100% of Maisons celebrate well-being, health and safety at least once per year	13% -6% 4% 57% Unchanged
Engagement	100% of Maisons will give their employees the opportunity of taking part in a public-interest initiative	Over 1 million people supported during the year 842 social partnerships with nonprofits and foundations acting in the public interest	35% 46%

Adaptado de LVMH. (2022)

5.3.2. ENVIRONMENTAL RESPONSIBILITY – LIFE 360

ACTION PLAN	2023 / 2026 / 2030	TARGETS 2022	RESULTS CHANGE VS. 2019
Creative circularity	<p>2023 New circular services: repairs, upcycling, etc.</p>	<p>190,000 meters of upcycled fabrics 39% of recycled raw materials used in plastic and glass packaging</p>	1%
	<p>2026 Customer packaging: zero virgin fossil-based plastic</p>	<p>7,942 metric tons of virgin fossil-based plastic used in customer packaging</p>	-13%
	<p>2030 100% of the Group's new products ecodesigned</p>		
Biodiversity	<p>2026 Reduce greenhouse gasses from energy consumption at our sites and stores by 50% (baseline 2019) 100% renewable or low-carbon energy at sites and stores</p>	<p>Carbon trajectory validated by the SBTi 11% reduction in GHG emissions generated by energy consumption (2019 baseline)</p>	11%
	<p>2030 Reduce and/or avoid 55% of GHG emissions linked to Scope 3 (relative to 2019)</p>	<p>47% of the Group energy mix consisting of renewable energies</p>	
		<p>15% reduction in GHG emissions linked to Scope 3 per unit of added value (relative to 2019)</p>	20%
Traceability and transparency	<p>2030 Reduce and/or avoid 55% of GHG emissions linked to Scope 3 (relative to 2019)</p>	<p>9,500 products with their own customer information system</p>	
		<p>Knowledge of country of origin for: • Leather purchases: 86% • Wool purchases 64%</p>	10% 2%
Climate	<p>2026 Reduce greenhouse gasses from</p>	<p>Carbon trajectory validated by the SBTi</p>	

energy consumption at our sites and stores by 50% (baseline 2019) 100% renewable or low-carbon energy at sites and stores 2030 Reduce and/or avoid 55% of GHG emissions linked to Scope 3 (relative to 2019)	11% reduction in GHG emissions generated by energy consumption (2019 baseline) 47% of the Group energy mix consisting of renewable energies 15% reduction in GHG emissions linked to Scope 3 per unit of added value (relative to 2019) 77% of stores lit entirely by LED lighting	11% 20%
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LVMH. (2022)

LVMH noted that the group supports the 17 sustainable development goals (SDGS) adopted by the United Nations in 2015. The SDGS represents a global call for action between now and 2030 to reduce inequality, create a better world for future generations, and ensure that all human beings can live in peace and prosperity. The table opposite shows how the group’s social and environmental responsibility strategy has contributed to the 17 SDGS and more specifically the sdg targets on which lvmh intends to focus.” lvmh (2022

The conglomerate also states that The Fondation Louis Vuitton, without any doubt, is the ultimate culmination of LVMH’s patronage, thanks to the building itself, Frank Gehry’s masterpiece, and the opportunity it offers to develop a genuine cultural approach and share it with as many people as possible. From the day it opened its doors, the Fondation Louis Vuitton has staged and curated exceptional and groundbreaking exhibitions. For example, exhibitions have featured the Sergei Shchukin Collection (2016-2017), Charlotte Perriand and Jean-Michel Basquiat, and more recent highlights have been the Morozov Collection (2021-2022), the Hantaï retrospective and the “Monet-Mitchell” dialogue. The popularity, reach and impact of these exhibitions rival those achieved by the world’s most prestigious institutions. This is the role LVMH strives to play: to create exceptional products and share artists’ outstanding works, celebrate culture and offer it to the world, inspire dreams, stir up emotions and raise awareness among all people. LVMH (2022)

The steps taken by LVMH, for instance, its declaration of the 17 Sustainable Development Goals (SDGs) by the UN and the support of the cultural affairs through the Fondation Louis Vuitton, are closely related to the idea of seasonality in the luxury fashion industry.

To begin with, by supporting the mentioned goals, LVMH proves its commitment to the creation of a better world for the future generations, the reduction of inequality, and to the promotion of peace and prosperity - all of which are the basic values of studentship. LVMH, through the alignment of its social and environmental responsibility strategy with the targets of the SDGs,

assists in the long term stability and resilience of the industry that, in turn, promotes sustainable economic growth and social inclusion.

Besides, the foundation of Louis Vuitton created by LVMH is a platform where cultural enrichment and engagement, the two most important elements of seasonality are. Through its unique exhibitions that feature artists' works to the world, it both celebrates the culture and inspires the dreams, emotions, and awareness among different people. This cultural way of doing things not only strengthens the brand's image but also the stability and the resilience of the luxury fashion industry by creating a bridge between consumers and the brand's values.

To sum up, LVMH's efforts to promote the SDGs and its support of cultural endeavors through the Fondation Louis Vuitton are the main reasons that make LVMH transparent. Through the promotion of sustainable development, social responsibility and cultural enrichment, LVMH contributes to the long-term stability, resilience and prosperity of the industry, thus, making it a crucial economic pillar capable of giving meaningful employment opportunities and fostering inclusive growth.

CONCLUSIONS

Seasonality plays a crucial role in the luxury fashion industry, significantly affecting financial performance and market dynamics. For Dior and other luxury brands, understanding and leveraging seasonal trends is essential for optimizing revenue and maintaining market leadership. The luxury fashion market experiences distinct revenue peaks during specific periods, such as the launch of new collections in spring/summer and autumn/winter, as well as during major shopping events like the holiday season. These peaks are often followed by troughs in less active periods.

Effective management of inventory to match seasonal demand is vital. This involves accurate forecasting to ensure stock availability during high-demand periods while avoiding overproduction that could lead to markdowns. Timing product launches to coincide with fashion seasons helps create anticipation and drive early sales. Limited edition and exclusive products during these times also attract high spending from consumers. Seasonality impacts budgeting and resource allocation. Companies must plan production, marketing, and logistics around anticipated seasonal demand to maximize profitability and manage costs efficiently during slower periods.

The intersection of the luxury fashion industry with tourism significantly amplifies its economic impact, especially in fashion capitals like Paris. Dior, as a major player, contributes to this synergy, enhancing the city's appeal as a luxury destination. Major fashion events, such as Paris Fashion Week, draw millions of tourists. These events occur four times a year (February, June, July, and September), coinciding with the launch of new collections and other high-profile activities, which stabilize tourism rates throughout the year.

Dior not only generates direct revenue through sales but also indirectly boosts the economy via tourism. The presence of Dior's flagship stores and its heritage in haute couture attract visitors to Paris, contributing to the city's status as a global fashion hub. The fashion industry in Paris, supported by institutions like the Fédération de la Haute Couture et de la Mode and events like Paris Fashion Week, enhances the city's cultural cachet and economic vitality. This symbiotic relationship underscores Paris's role as the epitome of luxury and haute couture, with Dior being a significant contributor.

Unlike other Mediterranean destinations affected by seasonality, Paris benefits from a relatively stable tourism influx throughout the year, bolstered by fashion events. This stability is crucial for maintaining economic vitality during off-peak tourist seasons.

In summary, seasonality and tourism are deeply intertwined with the economic implications of the luxury fashion industry. For Dior, leveraging seasonal trends through strategic product launches and effective financial planning is crucial. Concurrently, the brand's influence on tourism in Paris highlights its role not only as a fashion leader but also as an economic driver, enhancing the city's global allure and contributing significantly to its economic landscape.

Based on the analysis, luxury fashion can indeed be considered a sustainable tool against touristic seasonality. The unique attributes of the luxury fashion industry contribute to stabilizing tourism rates throughout the year, providing several advantages that mitigate the typical fluctuations associated with seasonal tourism.

Even the culture of seasonality in the individual luxury fashion companies may also be used to advance the cause of sustainability. Dior implements careful planning and forecasting of production to reduce wastage which accounts for a major share of environmental harmful effects of fashion production. Similar environmental effects may also be achieved through following sustainable practices, for example, adopting the use of eco-friendly materials or embracing circular fashion. Products designed with a lengthy period of use and with an unique feel about it stimulates consumers to purchase less but good quality products hence minimizing the consumption rate and waste. Seasonal mainstream fashion and design for high quality and durability make an important contribution to circular fashion. The circular fashion approach refers to constant ongoing efforts at reducing waste and maximizing the use of raw materials by maintaining as high a rate of utilization as possible.

Dior produces pieces that are purposely durable like luxury items. The emphasis on quality substitutes ensures that these products serve for longer durations keeping the materials under use for a shorter time; hence leading to less wastage. Some luxury companies also release certain limited numbers of articles to consumers who do not really want to buy but when they know that if they do not buy now, they might not get it again the next time they want a product.

Additionally, luxury fashion items can be considered to be a safe investment meaning that they do not lose their value easily like ordinary fashion products. The circular fashion model and the second-hand fashion market: How luxury products sustain the circular fashion system. Another way that a few high-end companies invested in recently is recycling and upcycling. They also reduce waste while helping to fulfill the sustainable fashion mission of transforming materials into beautiful items from previously used resources.

Moreover, many luxury companies provide the service of repairing and maintaining their products, to make sure the products of these companies do not go waste and end up in landfills. To achieve the goal of creating a circular fashion system that is less harmful to the environment and which shifts from a linear consumption model to a circular one, luxury fashion houses can make a real contribution by focusing on the durability, quality, and sustainability of their products.

In addition, the heavy use of quality materials and craftsmanship favored by luxury fashion houses ensures their products are durable, which also goes against the culture of 'disposable' clothes popularized by fast fashion brands. This longevity minimizes the number of times an individual has to buy and the accompanying activities-with environmental implications.

Dior and other luxury fashion firms can thus contribute to sustainable social and economic practices through conscientiousness. Through the continuous dedication to following fair labor practices, the fair payment, and caring work conditions, these brands can build a standard of

ethical manufacturing for the fashion industry. The stress on tradition and reverence for old arts ensures the preservation of old trades and the establishment of cottage industries.

Also, philanthropy and social engagement in the local community can become a means of increasing the social sustainability of luxury fashion. Indeed, some luxury brands actively associate themselves with investments into cultural endeavors and provide support to educational and community initiatives. Through the patronization of local artists and articulation of raw materials it will be possible for the fashion industry to ameliorate the lives of the workers in various segments of the supply chain.

Thus, seasonality and tourism may be regarded as key aspects of the economic implications of the luxury fashion industry. To Dior, riding on seasonal trends is important through the curative product releases as well as efficient financial management. Simultaneously the brand contribution to Parisian tourism has been identified as the brand developed not only the fashion aspect of the brand but also improving the competitiveness of the city among others.

In addition, if luxury fashion thrives towards sustainability, they will be able to reduce environmental impacts and make contributions towards social causes. Certain aspects of the luxury fashion make seasonality of the tourism industry much less dramatic and bring several benefits to making the tourism rates less seasonal. By doing so the industry will be able to promote sustainable developments where growth and prosperity will be achieved at the same time with conservation of environment and also promoting social justice across geographical regions.

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