

EVENTS/CAUSES

Sustainability is a long-term financial necessity, not a trend

April 22, 2016



Merino sheep, used by Zegna, on the Australian grasslands

By FORREST CARDAMENIS

SEOUL, South Korea Besides being an ecological necessity, sustainability also makes economic sense.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

For the "Ripples of Responsibility" conversation at Cond Nast's International Luxury Conference, executives from Kering and Swarovski discussed their brand efforts to incorporate sustainability throughout the business model. While sustainability still feels like a trend in the luxury industry, more ecologically-minded business models are financially necessary in the long run.

"I'm kind of surprised we are still having this conversation in 2016, because it seems an incredibly long-term, sensible, future-thinking product that you would future proof your business against price increases for things like water or other resources we're going to need because we have over exploited those in the short term," said Sophie Hackford, director at Wired Consulting.

"Certainly from a business perspective it's astonishing that so many companies haven't been able to incorporate this for business reasons," she said. "I mean, forget environmental, forget social justice from a pure economical perspective in the long-term it's a much stronger gamble [to not adjust]."

All about the green

The impact of climate change is already evident in numerous parts of the world. It is clear that moving forward, corporations will need to consciously reduce their ecological footprint to help ensure that every human has access to clean water, that populated regions remain habitable and to maintain a high standard of living.

Luxury conglomerate Kering has been one of the primary drivers of this realization, with moderator Suzy Menkes, international fashion editor at Vogue, calling the group "by far the strongest luxury house in caring about the planet." Over the past several years, Kering and the brands under its umbrella have taken sustainable steps to color their supply chain green by cleaning up manufacturing and distribution.

"I think everyone can agree with that when we look at the state of the planet we can see already the unfortunately the effects of climate change, of resource scarcity," said Marie-Claire Daveu, chief sustainability officer at Kering. "I think in our biz sustainability is not an option, it's really a necessity."

Kering has adjusted the sourcing for its raw materials, embracing greener pastures, and has made changes to the supplies directly. The company has recently embraced organic cotton, which requires 30 percent less water.

To continue improvement, Kering has two wide-ranging goals. First, it is working to phase out all traditional processes that aren't sustainable, and secondly and relatedly, it is working to innovate in ways that assure prolonged positive environmental impact.

Over time, the cost of unsustainable resources will increase as supply drops, meaning that these transitions are not merely good for the environment but are also good for business.

While that means Kering has a competitive advantage, it is transparent about its improvements, depicting its initiatives in an environmental profit-and-loss statement that translates them into monetary terms ([see story](#)).

For Swarovski, sustainability is also more than a trend; it's in the brand DNA. Nadja Swarovski, the great-great-granddaughter of brand founder Daniel Swarovski, related the story of the brand's sustainable roots. In 1895, the brand founder was among the first to harvest hydroelectric power.

This history of ecological sensitivity continues in Swarovski today. It takes care not to poison or damage the earth in its home of Wattens, Austria. It continues to push for a greener earth with its education focused on clean water.

The Swarovski Waterschool has reached 257,000 students in 2,093 schools since its initiation in 2000. It has worked in China, India, Austria, Uganda and Brazil, in addition to an ongoing project focused on the revitalization of China's Yangtze River.

The Waterschool will continue to expand, with potential areas for expansion including the United States, with the polluted Mississippi River and the California drought being potential projects.

Asked by Ms. Menkes about alternative sources of water, namely water from space, panelists agreed that the shortage of drinking water is a solvable issue, and that humans should be able to create the solutions to resolve the problem long before celestial assistance is a possibility.

Ms. Daveu notes that much of this innovation comes from start-ups. Kering is working with Worn Again, which separates and recycles the textiles in clothing so they can be spun into new fabric and reused.

Worn Again's process will cut down on the cost of production materials in the long-run, meaning that besides saving on the water necessary for growing cotton and other materials, the supplies will be less expensive, resulting in long-term savings for apparel brands.

Room to improve

Despite the innovations of Kering and other groups, the fashion industry still has a long ways to go on the sustainability front.

The fashion sector is the second largest polluter in the world after the oil industry, according to a Fashionbi report from December 2015.

Because of the environment's importance to the industry and the increased public attention to and research on the importance of sustainability and the effects of climate change, numerous fashion brands are making an effort to have more sustainable practices. At the same time, consumers often see an "eco-brand" as one less concerned with quality and craftsmanship, placing luxury brands in a difficult spot ([see story](#)).

Sustainability impacts more than apparel and jewelry in the luxury world, however. Consumers are wary of environmental impact at all stages of a purchase, for products as well as services.

As consumers become more aware of the negative impact of their travels, they are increasingly favoring environmentally and socially responsible alternatives, according to a June 2015 report from Booking.com.

The impacts of travel are myriad, direct and indirect, and compound over time. As consumers see first-hand or learn about the cumulative effect of easy travel, they are turning their qualms into action ([see story](#)).

"We've taken tremendous care to ensure our manufacturing process is green," Ms. Swarovski said. "That is in our DNA those are our values.

It's just interesting to see these values and our changing paradigms for the environment. It's been very difficult to communicate."

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.